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**PRACTITIONER-ORIENTED VIEW ON SUCCESSFUL CRM ADOPTION  
AMONG SMEs - COMPARATIVE CASE EVIDENCE FROM THE B2B  
CONTEXT**

Master's Thesis in  
Strategic Business Development

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**LIST OF ABBREVIATIONS**

CRM	Customer Relationship Management
SMEs	Small and Medium-sized Enterprises
B2B	Business-to-Business
IT	Information Technology



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**ABSTRACT**

Previous studies indicate a lack of unity in CRM conceptualization among academics and practitioners. Furthermore, the current literature on CRM portrays a gap between the cost of CRM adoption and the success rate. These elements describe the multifaceted nature of CRM adoption and suggest, that a more holistic definition of CRM is needed. Therefore, the research question answered in this study is: What are the dimensions of successful CRM adoption among SMEs in the B2B context? In order to arrive in a comprehensive conclusion when answering this question, the present study will first offer a definition of CRM and its objectives and introduce the key dimensions of successful CRM adoption, based on the existing literature. Moreover, based on the comparative empirical evidence from the research executed for this study, the author's extensions to the existing dimensions, as well as additional dimensions of successful CRM adoption, are introduced.

This study is qualitative in nature and the research logic followed is a combination of deduction and induction. Semi-structured interviews were conducted as a data collection method and the respondents were from two Finnish SMEs, in B2B sector. The chosen companies enabled a comparative case study research of one successful and one un-successful CRM adoption to be realized. The findings of this study suggest that the most important dimensions of successful CRM adoption are: approach, management support, organizational readiness, IT- readiness, resources, vendor selection, scope, communication, measuring CRM performance, strong project management and data quality.

As a theoretical contribution to the existing literature, this study extends the existing knowledge on CRM adoption and offers a more refined view on how such adoption occurs among SMEs. The managerial implications of this study provide the reader with a practical tool to use to remove the main barriers of successful CRM adoption. This framework was assessed through various approaches, to define the nature of CRM and to find the influences contributing to successful CRM strategy.

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**KEYWORDS:** Customer relationship management, CRM, dimensions of successful CRM adoption, SMEs, business-to-business



## 1. INTRODUCTION

Customer relationship management (CRM) is simultaneously a business approach and a management tool. CRM's objective is creating long-lasting customer relationships by combining strategy and technology. To achieve this objective, CRM applications cumulate customer knowledge by establishing interactive relationships between companies and their customers. (Thomas, Blattberg & Fox 2004; Plakoyiannakii 2005; Llamas-Alonso, Jiménez-Zarco, Martínez-Ruiz & Dawson 2009; Brodie, Hollebeek, Juric & Ilic 2011.) These actions allow formatting strong customer-company relationships that further enable generating customer intelligence. Furthermore, the management of these relationships translate into enhanced efficiency, effectiveness and profitability of business processes and improved customer satisfaction. (Oldroyd, McElheran & Elkington 2011; Kalaighnam & Varadarajan 2012; Trainor, Andzulis, Rapp & Agnihotri 2014; Ahmed, Amroush & Maati. 2016; Järvinen & Taiminen 2016.)

Though CRM has gained noticeable visibility as a business strategy and management tool, and there is affirmed knowledge of its influence in company's success, a lack of empirical academic research on the topic remains (for e.g. Payne & Frow 2005; Ang & Buttle 2006; Llamas-Alonso et al. 2009). The CRM philosophy seems easy and comprehensible, nonetheless in practice, it is difficult to implement successfully and to evaluate the outcomes of it. Literature on the topic stresses that majority of CRM adoptions either fail, result in zero bottom-line improvements in performance or end up in losses (for e.g. Hagemeyer & Nelson 2003; Ahearn Hughes & Schillewaert 2007; Kim & Kim 2009; Ariffin, Hamdan, Omar & Janom 2012). This describes the complex nature of CRM adoption and indicates that a more holistic definition of CRM, that portrays it as a broad process of acquiring, retaining and growing the customer, is needed (Kale 2004; Payne & Frow 2005; Iriana & Buttle 2008; Piskar & Faganel 2009; Stein & Smith 2009; Rapp, Trainor & Agnihotri 2010; Turban, Sharda & Delen 2014; D'Haen & Van den Poel 2013).

This apparent gap between the cost of CRM adoption and the success rate, found in academic literature, is addressed in this study. The aim of this research is to offer a comprehensive CRM definition and to describe the dimensions of successful CRM adoption, based on the existing literature and on the empirical evidence. The empirical research is based on a comparative case study, of one successful and one un-successful CRM adoption company. Furthermore, the case companies are SMEs and in the B2B sector.

### 1.1. The background to the study and research question

Effective use of IT-applications, such as CRM, support prospect- and lead-generation and allow faster, more accurate response-time to the customer. This suggests that companies should employ more advanced tools to meet the demands set by the digital age. In fact, the usage of CRM has grown exponentially over the past decade. (Oldroy et al. 2011; Johnson, Clark & Barczak 2012; Kalaignanam & Varadarajan 2012; Trainor et al. 2014; Järvinen & Taiminen 2016.) Yet, a lack of consensus on the CRM definition still remains strong among the academics. Despite the visible disparity of CRM conceptualization, the numerous definitions do have several points in common. These common points insinuate that CRM is a combination of a customer-centric strategic orientation and information technology (IT) applications. These applications work with the purpose of supporting business processes to enhance customer intelligence, and meeting customer demands in a customized way. Thus, ultimately accomplishing dynamic, strong and interactive customer relationships through time. (Ang & Buttle 2006; Llamas-Alonso et al. 2009; Rapp et al. 2010; Brodie et al. 2011.)

Nevertheless, results from the business environment and academic research are inconsistent. Some empirical studies demonstrate a positive relationship between company performance and CRM practices (Hagemeyer & Nelson 2003; Sin, Tse & Yim 2005; Ahearn et al. 2007; Kim & Kim 2009) and on the contrary, other studies report that nearly 70 % of CRM adoptions are unsuccessful. In this respect, there is not a proper justification for the cost of implementation, indicating that proper planning of implementation is vital for companies, as well as the identification of key success factors (Hagemeyer & Nelson 2003, Kim & Kim 2009; Ariffin et al. 2012). This contradiction, together with the complex nature of CRM has led authors and consulting companies to suggest foundation steps to upsurge the probability of CRM success (for e.g. Oshita & Prasad 2000; Wilson, Daniel & McDonald 2002; King and Burgess 2008, Bohling, Bowman, LaValle, Mittal, Narayandas, Ramani & Varadarajan 2006; Llamas-Alonso et al. 2009; Bibiano, Marco-Simó & Pastor 2014).

The current study will explore the existing knowledge on CRM and its objectives, and offer a comprehensive CRM definition. The purpose is to create a managerial framework on distinctive dimensions for assessing how to initiate and execute a successful CRM adoption. It should be noted that the empirical research is focused solely on SMEs in B2B sector. Based on this, the following research question was constructed.

*What are the dimensions of successful CRM adoption among SMEs in the B2B context?*

To answer this research questions, a set of detailed objectives were created.

1. *Based on the existing literature, how can CRM be defined and what are its objectives?*
2. *Based on the existing literature, what are the key dimensions of successful CRM adoption?*
3. *Based on the empirical evidence, what are the extensions and additions to the existing dimensions of successful CRM adoption?*

## 1.2. Structure of the study

The study is divided into two sections, which are: (1) the theoretical background including the framework, and (2) the empirical case study. The first section works as the foundation to the study. Based on the literature review, an analysis is conducted and a framework is developed. The second part evaluates the level of existing knowledge, by comparing it to the empirical data collected for the purpose of this study. More importantly, the empirical research provides extensions and additional dimensions to the framework. Finally, conclusions founded on these two sections are presented in forms of theoretical and managerial implications, as well as suggestions for further research and the limitations of the present study.

That is, the paper follows the general structure suggested by most authors. This structure assumes that a literature review is conducted to relevant prior literature to answer the state of current literature related to the problem and topic at hand. The literature review is typically introduced in the beginning of the paper. After this, the methodology of the study is introduced and thereafter the empirical research discussed and analyzed. As a final step, a conclusion is drawn. (Saunders, Lewis & Thornhill 2012: 531.)

## 1.3. Focal concepts

As it has been stated, the empirical research of this study is focused on Finnish SMEs in the B2B sector. In the context of Finnish markets, *SMEs* are defined as companies “...which have fewer than 250 employees, and have either an annual turnover not exceeding EUR 50, or an annual balance-sheet total not exceeding EUR 43 million” (Statistic Finland 2017). *B2B* on the other hand, means business-to-business companies, referring

to trade between companies, rather than between companies and private customers or consumers (B2C) (Dictionay.com 2017).

Furthermore, *IT* is an abbreviation referring to information technology. The term can be defined as “...*the development, implementation, and maintenance of computer hardware and software systems to organize and communicate information electronically*” (Dictionary.com 2017). *Customer relationship management* (CRM), comprises the IT-tools needed for customer management as well as the strategic characteristics of company decision making. Because the term is so multifaceted, the definitions among authors are not in unison. Nonetheless, most definitions assume that CRM deals with: (1) acquisition and (2) retention of customers and (3) maximization of the long-term customer value. (Iriana & Buttle 2008; D’Haen & Van den Poel 2013.)



## 2. LITERATURE REVIEW

Technology innovations have consequenced in an increase of information and knowledge available for companies. This information stems from the markets, competitors and customers and as a result, companies are able to offer more, better and newer services to satisfy specific customer needs (Rust & Espinoza 20016). Businesses need to be aware of competitive, product, and pricing information, customer demographics, as well as behavioral, and attitudinal data concerning preferences of individual customers. In addition to acquiring this information, customer intelligence needs to be transferred over multiple channels. Controlling all of this may be quite arduous, and companies can use all the help available when it comes to addressing the immediate personal customer needs. This is when CRM steps in as one of the main and most manageable resources of a company. (Thomas et al. 2004; Oldroy et al. 2011; Johnson et al. 2012; Kalaignanam & Varadarajan 2012.)

This chapter will first introduce the concept CRM. The definition of CRM includes the customer lifecycle theory, consisting of: customer acquisition, retention and long term mutual benefits. Thereafter, the different viewpoints on successful CRM adoption are introduced. As a last step a strategic framework, based on the existing theory on CRM adoption is presented.

### 2.1. CRM

While the term CRM has been in use since the early 1990s, scholars have not found consensus of its ultimate definition, yet, it is often used in current marketing literature. CRM has many different definitions. Occasionally CRM is used to define a set of IT-applications used in marketing, selling and service, that automate the customer-facing processes (for e.g. Chang et al. 2010, King and Burgess 2008, Coltman 2007). For some, it is an organizational desire to be more customer focused. To others, CRM is associated with the capture, analysis and exploitation of customer-related information (Iriana & Buttle 2008; D'Haen & Van den Poel 2013). Moreover, many of the definitions comprise several features varying from IT-applications to strategy (Frow & Payne 2009). Nevertheless, most definitions have the same core idea that CRM deals with: (1) acquisition, and (2) retention of customers, and (3) the maximization of the long-term customer value (Kale 2004; Payne & Frow 2005; Iriana & Buttle 2008; Stein & Smith 2009; D'Haen & Van den Poel 2013; Turban et al. 2014).

Furthermore, consistent with the resource based view (RBV) of the company, a core set of organizational capabilities related to CRM have been identified by Leigh (2011: 345, 364-372), these capabilities include in addition to customer acquisition, customer retention, and maximization of the long-term customer value (customer revenue expansion), also customer relationship expansion, market sensing, customer segmentation and selection, customer linking, strategic customer management and cross- functional spanning.

Table 1. below will introduce a summary of the various CRM definitions.

**Table 1.** Definitions of CRM

Author	Definition
<b>Nykamp (2001: 4)</b>	<i>“CRM is essentially a focus on providing optimal value to your customers – through the way you communicate with them, how you market to them, and how you service them - as well as through the traditional means of product, price, promotion, and place of distribution”</i>
<b>Rigby et al. (2002: 102)</b>	<i>“CRM aligns business processes with customer strategies to build customer loyalty and increase profits over time.”</i>
<b>Wilson et al. (2002: 198)</b>	<i>“...processes and technologies that support the planning, execution and monitoring of coordinated customer, distributor and influencer interactions through all channels”</i>
<b>Sin et al. (2005: 1266)</b>	<i>“...CRM is a multi-dimensional construct consisting of four broad behavioral components: key customer focus, CRM organization, knowledge management, and technology-based CRM. This is in accord with the notion that successful CRM is predicated on addressing four key areas: strategy; people; technology; and processes...only when all these four work in concert can a superior customer-relating capability emerge”</i>
<b>Frow and Payne (2009: 11)</b>	<i>“...a cross-functional strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. It typically involves identifying appropriate business and customer strategies, the acquisition and diffusion of customer knowledge, deciding appropriate segment granularity, managing the co-creation of customer value, developing integrated channel strategies and the intelligent use of data and technology solutions to create superior customer experiences.”</i>

In the definitions by Nykamp (2001: 4) and Sin et al. (2005: 1266), the traditional marketing-mix is combined with customer experience focus. This refers to the fact, that though attributes like price and product are important, buying decision also includes the experience the customer has of the interactions with the company. The definitions by Nykamp (2001) and Sin et al. (2005) do not include the words 'technology' or 'software'. Rigby et al. (2002) furthermore emphasize, that CRM is the action of binding customer strategy and processes together, and that a relevant software is merely used to support this process. Fundamentally, these refer to the overall perspective that the company has. In this notion, CRM is a specific structural culture or value that places the buyer-seller relationship as the focus point of the company's strategic and operational thinking.

Moreover, the definition by Wilson et al. (2002: 198) stresses, that the concentration on CRM is in enhancing customer relationship via IT- applications. Their research is focused on the success factors of the CRM applications, and therefore the buyer-seller relationship is not clearly showing from their study. The definition by Wilson et al. is more of an CRM software implementation description from an operational view point and it emphasizes the role of multiple channels.

Lastly, Frow and Payne (2009: 11) view CRM as the combination of the two approaches: IT -tools combined with customer interaction strategy. This classification emphasizes on the integration of processes and software applications. Unlike for instance Sin et al. (2005), Frow and Payne do not include the buyer-seller relationship in their definition of CRM, but rather add an assisting term "customer management" to support the CRM process. In their framework, customer management definition in holds the buyer-seller relationship aspect (2009: 11): "...*Customer management is concerned with tactical aspects of CRM implementation that relate to the management of customer interactions, including the use of tools such as campaign management, sales force automation, web-enabled personalization and call centre management.* "

While all of these definitions offer a comprehensive picture of CRM philosophy, as the different conceptualizations are not mutually exclusive, the apparent lack of agreement amidst academics and the vast amount of different definitions cause misperceptions. One major misperception is equating CRM technology as CRM. Having said that, the different technologies are at the heart of CRM, as CRM is believed to have formed as an expansion from sales force automation technology (Buttle 2004: 5). Common with majority of the definitions is, that they do not only rely on the marketing mix nor on databases and soft-

ware applications, but they in addition take into consideration the buyer-seller relationship and strategic and tactical characteristics. Therefore, the chosen CRM definition used in this study is a combination of definitions offered by Sin et al. (2005), and Rigby et al. (2002) because these two combine the customer relationship side with companywide strategy and customer intelligence management as well as the data management with IT-tools.

In addition to the CRM customer life-cycle stages, defined at the beginning of this chapter, CRM can be thought in three levels: strategic, operational and analytical. This division is introduced next in more detail, as it explains well the different dimensions of CRM. (Ang & Buttle 2006.)

**Strategic CRM.** For a company, it is important to identify which CRM strategy to follow, be it product innovation, production orientation or customer relationship scope (Leigh 2011: 346-347). At the heart of Strategic CRM is the development of customer-centric business culture. The key here is to win the customers and to keep them by creating and delivering better value than competitors. When a company has assimilated a customer-centric culture, resources are allocated to enhance customer value by improving customer experience and by collecting increasing amount of customer information, which is then shared and applied across the business. (Buttle 2004: 4-5.) Strategic CRM incorporates the strategy formation and the value creation process. Thus, strategic CRM answers questions like: *'what goods or services we offer to our customers?'*, *'who are our customers?'*, and *'how do we generate and deliver value to our customers?'*. (Iriana & Buttle 2008: 25.) Many companies label themselves as customer centric, when in reality, majority of the companies are not (Buttle 2004: 4). According to strategic CRM, company's competitive position is dependent on two critical abilities: (1) being able to create a distinctive customer-centric orientation, which drives demand, and (2) being able to transform the customer information and knowledge into profitable solutions (Leigh 2011: 349).

**Analytical CRM.** The focus of Analytical CRM is in developing, analyzing and exploiting customer data to improve the value for both, the customer and the company (Buttle 2004: 9; Iriana & Buttle 2008: 25). Analytical CRM is formatted on customer information. Customer information integrates internal data, such as sales data, financial data, payment history, marketing data, campaign responses, loyalty scheme and service data, to external data. External data can be for instance, geodemographic information and lifestyle information and this data can be acquired from business intelligence companies. Intelligent utilization of this information provides answers for questions like *'Who are*

*the most valuable customers?`, 'Which customers are more likely to switch to competitor?` and 'which customers will respond best to a specific marketing campaign?` Analytical CRM is a key driver for many operational CRM decisions. Thus, it is important to note that these different forms do not work independently, but they support each other. For instance, analytical CRM supports operational CRM by providing correct information at the right time to right channels, which are used to interact with customers. (Buttle 2004: 9- 11; Iriana & Buttle 2008: 25.)*

To summarize, from the perspective of the customer, analytical CRM helps to deliver more customized information and solutions. From the viewpoint of the company, analytical CRM offers an opportunity for more powerful cross- and up-selling programs, as well as more effective customer acquisition techniques and retention programs. (Buttle 2004: 9- 11.) The process of analytical CRM includes the customer-level data and intelligence analysis, intended for strategic and tactical decisions. Analytical CRM guides the company's decision-making process in four general strategy arenas: (1) marketing strategy, (2) customer relationship strategy, (3) service delivery strategy, and (4) go-to-market strategy. These are all executive level decisions, and they have direct impact on company's segmentation and customer selection criteria, value creation, and service and experience expectations, the tradeoff between product leadership and operational excellence that customer face, as well as the relative ease of interaction with the company. (Leigh 2011: 351.)

**Operational CRM.** The processes in operational CRM rely heavily on information contracted in analytical CRM. Operational CRM focuses on managing the virtual and physical channels which customers and organization use to communicate and transact. Thus, it emphasizes on the automation of the customer-facing processes of the business. (Buttle 2004: 5; Iriana & Buttle 2008: 25.) Many CRM software systems enable marketing, selling and service processes to be automated. Essentially, this means that operational CRM includes the top- and the bottom-of-the sales funnel activities: lead generation from marketing to sales in top-of-the funnel activities and CRM/sales-force automation (SFA) in the bottom-of-the funnel activities. SFA is considered the original form of CRM technology. It includes sales activities like identifying needs, specification development, generating and presenting proposals, objection handling and finally closing the sale. The operations and functions in this part of the customer pipeline are complex and depend on the product or service being offered. (Buttle 2004: 5-7; 9.) The most notable applications that are included in operational CRM are demonstrated in table 2. Operational CRM encompasses the actions of interpreting and transferring the information developed in analytical

phase, the strategies and the sales and marketing functions into an interactions strategy and customer access model. (Leigh 2011: 352.)

**Table 2.** Forms of operational CRM (Buttle 2004: 5).

Marketing Automation	Sales Force Automation	Service Automation
<ul style="list-style-type: none"> <li>- Market segmentation</li> <li>- Campaign management</li> <li>- Event based marketing</li> </ul>	<ul style="list-style-type: none"> <li>- Opportunity management, including lead management</li> <li>- contact management</li> <li>- proposal generation</li> <li>- product configuration</li> </ul>	<ul style="list-style-type: none"> <li>- Contact and call centre operations</li> <li>- web-based service</li> <li>- field service</li> </ul>

In brief, operational CRM transforms the core strategies established for marketing and selling in the analytical CRM phase into consistent, clear and replicable customer interaction strategy and access model (Leigh 2011: 352).

## 2.2. Objectives of CRM

As mentioned earlier in this chapter, majority of CRM definitions assume that CRMs objectives are (1) acquiring, and (2) keeping the customers, and (3) maximizing the long-term customer value (Iriana & Buttle 2008; D’Haen J. & D. Van den Poel 2013). This chapter will introduce these customer life-cycle stages.

The first step in customer lifecycle management is *customer acquisition*. Company’s ability to acquire customers is vital, to be able to build a customer base (King, Chao & Duyenyas 2016). Customer acquisition is important to all companies, even if the real emphasis is on customer retention, because it is unnecessary to use retention strategies without existing customers. In B2C businesses, acquisition is particularly important, because the customers need to be replaced at a faster pace. For instance, in B2C context the customers can shift out from your target market demographic because of their age or because of changes in their lifestyle, like having a family. In B2B context, the need for replacing leaving customers is not as intense, as the customers do not shift because of changing demographics. The shift outs in B2B commonly happen for instance, because of losing customers to competitor. Consequently, retention techniques may be more important for

B2B companies, than for B2C companies. Yet, customer acquisition should never be done at the expense of existing customers. When making a customer acquisition plan, it is important to consider which prospects to target, how to approach these targets and what will they be offered. (Buttle 2004: 270-271; King et al 2016.)

In short, prospecting refers to searching for opportunities that can be transformed into strategically significant customers. Prospecting can be considered as an outcome of the targeting and segmenting process and it differs from B2C to B2B context. In B2C it incorporates more advertising and sales promotion. (Buttle 2004: 275; 280.) In the environment of CRM, it is possible to harness the current and prospective customer databases as a baseline for customer acquisition. Data mining may be used to identify customers that show greatest potential for the company, for instance, a company can have access to data of prospects' satisfaction with competitors offering. Based on this information, it is possible to identify customer profiles and approach them through most suitable channels. (Buttle 2004: 289.) Moreover, previous studies show that lead qualification process can be alleviated and sales process effectiveness improved by utilizing IT- platforms. Therefore, in the literature it is assumed that business processes can benefit from IT- tools. (Ahearn et al. 2007; Oldroy et al. 2011; Järvinen & Taiminen 2016.)

*Customer retention* refers to maintaining a long-term relationship with customer. To be more particular, retention rate can be calculated as a percentage of customers who were active at the beginning of the fiscal year and continue being active at the end of the fiscal year. Customer defection is a mirror image of customer retention. When customer retention is high, defection is low. (Buttle 2004: 298.) A common pitfall for companies is, that they spend millions on customer acquisition before having proper processes in place for customer retention. While this may lead to a rapid growth when a company is just establishing its place in the markets, as the company matures, acquiring new customers becomes more expensive and defection becomes a problem. Without proper retention strategy or process companies easily start to neglect the existing customers. (King et al. 2016.)

Additionally, retention creates many economic benefits for a company. It will (1) increase purchases as incumbency grows, because it leads to increase in trust level between parties; (2) lower the customer management costs over time, as it can take years to recover the costs of acquisition; (3) lead to customer referrals, as a positive word of mouth from genuinely satisfied and loyal customers, is a powerful tool for further customer acquisition, with lower costs; and finally, companies are able to (4) ask for premium prices, which

refers to the fact that satisfied customers are glad to pay more for the services if the relationship is more appealing, than what the competition can offer. In general, the customer retention strategies can be either positive or negative. The retention strategies either lock the customer in by making penalties that occur when exiting the relationship or they can reward customers for staying loyal. The negative strategies enforce high switching costs, which discourages customer defection. The positive strategies cover understanding the customer and then meeting and even exceeding the customer expectations for instance, by implementing loyalty schemes. (Buttle 2004: 301-304; Ang & Buttle 2006: 85-86.)

For retention purposes, software applications offer for instance, customer segmentation, campaign management, targeted communication, personalized recommendations and trigger-point marketing, by enabling the exploration of customer data. Campaign management is challenging in multichannel environment and majority of modern day customers are users of multiple channels. Trigger point marketing, refers to the point where customer activities trigger an action from the company. For example, if it seems that customer might be switching to a competitor, this may trigger some retention campaign actions towards the customer, or if customers want further information, the correct content is provided to them. (Buttle 2004: 6.)

As the last step in the lifecycle, companies must *maximize long-term customer value*. To achieve this, companies must build, sustain, and enhance long-term mutually beneficial interactions with its customers, by emphasizing customer satisfaction, trust, return on sales, and investment. (Sin et. al. 2005.) This implies the importance and the benefits of customer retention practices. In fact, often in CRM literature the process of customer acquisition is neglected to favor retention, as it is commonly a more popular topic. This is caused by the fact that strategies on retention are characteristically more inexpensive than acquisition strategies. (D'Haen & Van den Poel 2013.)

Maximizing long-term performance is essentially maximizing revenue. Having prolific relationships with attractive customers is important, when the focus of the company shifts from share of market to share of customer. The current trend is on learning from the customer relationships, this is known as the 'one-to-one' concept. When company is able to achieve a long-term relationship, a more holistic picture of the customers can be build and this can be utilized in recognizing and tending for customer's needs. Companies wish to prolong the duration of a customer relationship, and use this to have individualized transactions, and customized offers which is believed to have a positive impact on customer loyalty. (Wiedmann, Buxel & Walsh 2002.)



### 2.3. CRM adoption

When CRM adoption is successful, it increases knowledge management capabilities and the willingness to share data internally. Vice versa, an unsuccessful adoption leads to reluctance to share information or to use the new technology. (King & Burgess 2008.) The following will introduce the suggested steps and key dimensions for a successful CRM adoption.

Bohling et al. (2006) identify two possibilities for a CRM implementation initiation: *top-down approach* and *bottom-up approach*. The former refers to initiatives that come from and are strongly supported and sponsored by the top management, while the latter includes initiatives that arise from a single group or section of the company. The study by Bohling et al. (2006) surveyed 101 U.S. based companies on CRM implementation related experiences. In most of the case companies, the CRM initiative came from the bottom-up regional level or from a single functional area. In these companies, the CRM was seen as an IT-tool and it was of tactical nature. Based on these results, the authors propose that top-down initiatives are needed with senior management sponsorship and involvement. With the top-down approach, CRM is seen as a strategic enabler, not as a mere IT-tool. Furthermore, in companies where the senior management viewed CRM as 'useful' instead of 'critical', the perceived CRM success was associated negatively. The authors suggest that this is the case because top management view indicates to others that CRM is not company priority and no resources are allocated to it. (Bohling et al. 2006.)

To recognize successful practices and to examine CRM use in companies, Alt and Puschmann (2004) used benchmarking procedure to systematically compare 120 companies. Based on their research, implementation of the CRM-system was finalized in an average of seven months. The implementation stages involved (1) the definition of the evaluation criteria, (2) the software selection based on that criteria, (3) customizing the software, (4) the pilot run, and finally (5) the roll-out phase. The selected evaluation criteria (phase one) were similar between all the cases. The criteria included manufacturer-related aspects such as manufacturer's vision, user support and globality. However, utmost value was attached to product-related aspects such as product maturity, functionality, integration capability and modularity of the solution. (Alt & Puschmann 2004.) Similarly, Wells, Fuerst and Choobineh (1999) suggest a four-step process for a successful CRM implementation. These steps are (1) business process analysis, (2) integration and redesign of

customer data, (3) ICT enabled customer interaction, and (4) accessibility and transmission of organizational information.

A more detailed eight-stage-description of the CRM development life-cycle is offered by Bose (2002). The first step in the eight-stage process is *planning*. Like Alt and Puschmann (2004) and Bohling et al. (2006), also Bose highlights that a CRM project, like most enterprise projects, needs to receive senior level management commitment and support. *Complete business process analysis* should be conducted to find out with which clients it is profitable to configure one-to-one interactions with, and in which ways the business processes can be re-engineered to support these interactions. Bose (2002) highlights that a company needs to identify the interaction points of the customer, in other words how, when and where to interact, after which a decision needs to be made if any of these points should be removed, kept or modified. For instance, a company may be interacting with a customer via help line, website, mail and sales person. Phase two is described as *research*. The main responsibility of this step is within the IT-team. In this phase, the organizational needs in the CRM system need to be outlined based on the organizational culture, structure and current hardware and software applications and possibilities. In addition, firm specific resources for CRM project need to be budgeted and market conditions evaluated. (Bose 2002.)

Phase three is referred to as *system analysis and conceptual design*. This step, together with the planning, is one of the two most critical steps according to Bose (2002), although it is maintained that no step should be left out. The author concludes that CRM's main purpose is to provide the users with all the necessary information needed for successful interaction with the customer. The CRM system can interact with the customer in two ways: (1) manually and IT-assisted, or (2) as a completely automated interaction. In the first option, the employee is in the key role and CRM is an assisting tool. In the automated interaction, customer becomes the person controlling the entire interaction. It is also recommended to start sourcing and partnering with vendors and consultants around this time in the life-cycle, as it is unlikely beneficial to keep own personnel too involved in the project details. Important considerations include deciding the form, in which the data should be saved and distributed. For the CRM to provide significant benefits, the data should be centered and easily accessible, and it should have integrity. The data should be able to be used with other BI-software as well, like decision support system (DSS) and executive support system (ESS). (Bose 2002.)

In the fourth phase of *design*, the process moves to deciding on the details of software packages, together with core technologies like data warehouses or DSS tools and networks, if necessary. Provided the previous steps were done carefully, the process moves rather promptly to the phase five of *construction*, which essentially means the execution of the system architecture. This is followed by the sixth phase of *implementation*, where the most critical step is training, as the adoption of CRM system requires changes in IT- and business processes. In fact, several authors support the claim that IT- projects are often doomed due to people problems (for e.g. Bose 2002; Al-Aqrabu et al. 2015). After the implementation, the framework moves to *maintenance and documentation*. This seventh step may seem obvious, but it is nevertheless important. As the business environment is constantly evolving and as there are constant interactions with the clients, it is important to continuously update the system. The key is data quantity and quality. The system should also be kept updated whenever necessary upgrades are needed or available. From this phase, the framework moves to its final step, *adaption*, which is used to describe the process of accepting the CRM company-wide and having it in daily use. (Bose 2002.) In this outlined implementation process, the emphasis on people problems in the adoption is visible. The author mentions the training of the employees in two separate phases, hinting that employees should be included all the way throughout the process, without burdening them with the decision making and sourcing activities. (Bose 2002.)

Moreover, as it has been stated, CRM adoptions are constantly being criticized for excessive time and cost of the implementation, as well as for the limited benefits once the system is in operation (King & Burges 2008). As a response, numerous studies suggest critical success factors (CSF). According to Yu (2001), the best predictors for a successful CRM adoption are *corporate culture*, *technology improvement* and a *strong buy in from top management*. In unison with this view are Wilson et al. (2002), who also name top management level support as one of the main indicators of success. Similarly, in attempt to make the approach more comprehensible, King and Burgess (2008) gather CRM adoption success factors under the three main frames of *context*, *supporters* and *project organization*. Context refers to the technological readiness and willingness to make changes in organizational processes, as well as the willingness to share data. At the same time, supporters state the importance of top management support, while project organization comprises the company culture, its capability to change, as well as the capabilities to change processes and integrate new systems into the existing ones. Furthermore, to compare the aspects predicting CRM success, Bohling et al. (2006) named three most commonly mentioned obstacles in a successful CRM adoption. These are *lack of vital resources*, *lack of focus on change management*, and *not involving employees in a sufficient*

way. Moreover, in CRM implementation, it is important to work towards a unified entity including strategy, ERP, marketing and additional IT-efforts. However, this needs to be built over time, as it is not possible to adopt this wide unified vision at once. (Yu 2001; King & Burgess 2008.)

Furthermore, Alt and Puschmann (2004) identify six success factors in CRM adoption. The first one is referred to as *evolution path*. This discusses the fact that evolution towards CRM usually follows certain logical steps. The first one usually being an implementation of operational CRM, for example a call center or sales force processes. Other research supports this claim, as a central database providing consistent and up-to-date information is seen as a prerequisite for CRM (Yu 2001). Later on, analytical CRM can be based on this information created in the first evolution step. The analytical step covers steps such as data mining and churn analysis functions, as introduced earlier in analytical CRM, for instance by Buttle (2004: 9- 11) and Iriana and Buttle (2008: 25).

The second success factor is *time frame*. As mentioned earlier, most of the companies in the study by Alt and Puschmann (2004) that were successful in their practices, completed CRM system introduction phase within seven months. Yet, in order for the system to reap real benefits and for the database to be inserted with meaningful information, the respondents considered it to take a minimum of two years. Research indicates that successful companies divide the long-term CRM projects into manageable sub-projects lasting a maximum of six months (Alt & Puschmann 2004), supporting the average four-year timeframe reported by Yu (2001). The third factor is *organizational redesign*. Before introducing the CRM system, the successful companies recognized important CRM concepts, to define the processes and overall organizational structures. Process definition resembles business process analysis step in the CRM implementation process, mentioned by, for instance, Wells et al. (1999) and Bose (2002). Furthermore, unified standards need to be set, that go across the entire organization (Alt & Puschmann 2004).

Fourth success factor by Alt and Puschmann (2004) is *system architecture*. The authors state that nearly in all the benchmarked companies CRM systems were standard packages. Most advanced CRM providing companies combine in their system architecture the operational, analytical and collaborative CRM functions. The information exchange in the system needs to be seamless which requires integration architecture. According to the respondents from companies with successful CRM implementation, the benefits can be reaped from customizing standard packages. Consequently, as the organizational changes has been mentioned by several authors, including Alt and Puschmann (2004), it is only

natural that the next success factor is *change management*. It was discovered, that it was easier for companies to convince the staff in call centers and customer service, than it was to convince the sales people of the benefits of CRM systems and methods. As instruments to convince employees, the study found that early involvement in the introduction of the project seemed important motivator, as well as creating an array of incentives to make employees use the system daily. This is supported for instance by Bose (2002), who states that employees who are convinced of the CRM adoption benefits, are an important indicator for implementation success in companies. Finally, the sixth success factor is *top management support*. Successful CRM implementation requires establishing a customer centric orientation on the corporate level. Process and system standards, that support adoption of the CRM methods and systems within the entire organization, need to be in place. This may include penalizing non-use and setting examples. (Alt & Puschmann 2004.)

Besides the above-mentioned factors, the importance of measuring CRM performance is underlined, as the implementations tend to fail to bring the promised improvements in sales and productivity. Therefore, a development of a set of metrics is suggested as measurement systems, in order to enable executives to predict CRM performance and how it will influence achieving the company specific strategic objectives (Berry 2001; Llamas-Alonso et al. 2009). Oshita & Prasad (2000) further maintain, that the strategic impact and the utility of the resulting tool determines the success of CRM, suggesting that metrics to measure these impacts should be in place. To assist in this matter, the KPIs (key performance indicators) are a range of indicators that are evaluating the performance and success of a solution, process or business activity. Most often KPIs are used for assessing the success of a company or products; however, it may also be used in measuring progress towards a strategic goal. (Selmeçi, Orosz, Györök & Orosz 2012; Griebeler 2015; Kattner, Wang & Lindemann 2016.)

To sum-up, it can be stated that the implementation is an enormous task and not everything can be done at once, which raises the scope and time management importance (Yu 2001). The main objectives for the initial adoption should be clearly defined, after which a realistic time frame to achieve it should be set. In the broader scale, the organizational change process needs to be cut down to smaller time frames, as suggest by for instance Yu (2001), Alt and Puschmann (2004), and Bibiano et al. (2014). Additionally, the project needs to be sufficiently communicated to the entire organization, for it to lower the resistance of adapting to new processes, referring to communication management and/or

human resources management. Furthermore, procurement management needs to be considered in the light of cooperation with the vendor and sourcing the best possible vendor. At this point, the possibilities of IT-integration to the existing infrastructure need to be considered. Moreover, top management's capability to motivate the entire organization to become active users of the CRM system works as the prerequisite of a successful adoption; whether the top managers are able to sell the idea and strategy companywide. Indeed, top management support seems to be the most important requirement, as it has been mentioned by several authors, such as: Yu (2001), Bose (2002), Wilson et al. (2002), Bohling et al. (2006), King and Burges (2008), and Bibiano et al. (2014). Besides moral support, the financial support from the top management is seen as vital to ensure that short-term setbacks are overcome. Otherwise, disturbances and going over the budget may lead to termination of the project. This aspect is highlighted, because the motivation behind the implementation is strategic, and therefore the benefits may be hard to grasp in the beginning. (Alt and Puschmann 2004.)

#### 2.4. Summary and framework

To conclude the theoretical part of this study, this chapter will shortly sum-up the findings of the literature review and introduce the suggested framework.

CRM is assumed to generate competitive advantage for organizations, and to have a positive impact on performance (Sin et al. 2005). CRM importance is well established in the marketing literature and companies have increasingly adopted CRM as a core business strategy and invested in different databases heavily. Yet, conflicting outcomes in the business environment and academic research exist. (Hagemeyer & Nelson 2003; Ahearn et al. 2007; Kim & Kim 2009.) From the companies who have implemented CRM systems successfully, majority have executed a disciplined and pragmatic tactic, and have targeted CRM efforts only to extremely focused and narrowly scoped projects. (Rigby et al. 2002; Hagemeyer & Nelson 2003; Rigby & Ledingham 2004 and Kim & Kim 2009.)

The following framework is constructed on the process descriptions by Wells et al. (1999), Oshita and Prasad (2000), Yu (2001), Berry (2001), Bose (2002), Wilson et al. (2002), Alt and Puschmann (2004), Bohling et al. (2006), King and Burgess (2008), Llamas-Alonso et al. (2009), and Bibiano et al. (2014).

**Table 3.** The dimensions of successful CRM adoption

<b>Dimensions of successful CRM adoption</b>	<b>Purpose of the dimension</b>		<b>Contributing authors</b>
<b>Approach</b>	<b>Top-down</b> Managerial support - Part of strategy / analytical approach	<b>Bottom-up</b> Mere IT tool- Viewed as useful instead of critical	Yu (2001) Alt & Puschmann (2004) Bohling et al. (2006)
<b>Management support</b>	Does the top management support the adoption? Dedication throughout the process, including it in the company strategy and the use of the new tools is encouraged strongly. If management does not provide tools, guidelines and sponsorship, the adoption tends to fail.		Yu (2001) Bose (2002) Wilson et al. (2002) Alt & Puschmann (2004) King & Burges (2008) Bibiano et al. (2014)
<b>Organizational readiness</b>	<ul style="list-style-type: none"> <li>-Organizational culture change</li> <li>-Willingness to change processes</li> <li>-Process change capability</li> <li>-Change management</li> <li>- Business process analysis</li> </ul>		Wells et al. (1999) Bose (2002) Alt & Puschmann (2004) Bohling et al. (2006) King & Burges (2008) Bibiano et al. (2014)
<b>IT- readiness</b>	<ul style="list-style-type: none"> <li>-System architecture</li> <li>-Integration capability</li> <li>-Construction</li> <li>-Design</li> </ul>		Bose (2002) Alt & Puschmann (2004) King & Burges (2008) Bibiano et al. (2014)
<b>Resources</b>	<b>Intangible</b> -Knowledge management capabilities -IT Knowhow	<b>Tangible</b> -Sponsorship -How much is allocated -Related to top management support	King & Burges (2008) Bibiano et al. (2014)
<b>Vendor selection</b>	Most value is attached to product-related aspects: product maturity, functionality, integration capability and modularity of the solution.		Alt & Puschmann (2004) Bose (2002) King & Burges (2008) Bibiano et al. (2014)
<b>Scope</b>	<ul style="list-style-type: none"> <li>-Time</li> <li>-Process to smaller time frames</li> <li>-Evaluation criteria (what do we want to achieve)</li> </ul>		Yu (2001) Alt & Puschmann (2004) Bibiano et al. (2014)
<b>Communication</b>	<ul style="list-style-type: none"> <li>-People management</li> <li>-Communication of CRM strategy</li> <li>-Training of employees</li> <li>-Involving employees</li> <li>-Willingness to share information</li> </ul>		Bose (2002) Alt & Puschmann (2004) Bohling et al. (2006) King & Burges (2008) Bibiano et al. (2014)
<b>Measuring CRM performance</b>	<ul style="list-style-type: none"> <li>-ROI of investment</li> <li>-Justification of implementation</li> </ul>		Berry (2001) Oshita & Prasad (2000) Llamas-Alonso et al. (2009)

### 3. RESEARCH DESIGN AND METHODOLOGY

The notion that an interesting and influential new study constitutes when it challenges previous assumptions in some significant way, is increasingly recognized in the business literature. Instead of challenging the existing assumptions, the traditional way of arriving at research questions is done by reading the present literature and identifying or constructing gaps in the existing theories. (Alvesson & Sandberg 2011.) This chapter will introduce the methodical choices made for this study. The adopted research philosophy comprises important assumptions that support the research strategy and methods chosen as part of that strategy (Saunders et al. 2012:128).

#### 3.1. Research philosophy

In business and management studies, it is important to be aware of the philosophical assurances made through the choice of research strategy, as it has an important effect on how the study is done, as well as on how the research subject is understood. As it may be deducted from this introduction, there are different philosophies to choose from. It is important to keep in mind that no one philosophy is better from another, but different philosophies are better at answering different questions. (Saunders et al. 2012: 108-109.) Saunders et al. (2016: 129,135-136) name five major philosophies, which are viewed through three different assumption types. The five philosophies are positivism, critical realism, interpretivism, postmodernism and pragmatism. These are viewed through three assumptions, which are ontology, epistemology and axiology. Ontology describes the nature of reality, epistemology considers what constitutes as acceptable knowledge, and axiology views the roles of values. Next, the five philosophies are introduced briefly, after which the chosen philosophy is presented together with the justification for the choice.

When a researcher has adopted *positivism*, he or she views the organization in question, as well as other social entities, as real as a person would view physical objects or natural phenomena's (the ontological assumption). In this type of research, only the observable and measurable facts are considered as meaningful (the epistemological assumption). A positivist researcher tries to keep as detached and neutral from data as possible, in order not to influence the outcome (the axiological assumption). (Saunders et al. 2016: 136-137.)

While positivism views the world from 'what you see is what is'-perspective, *critical realist* focuses on explaining what we see and how we experience what we see. Through



ontological discourse, critical realists see the world as external and independent, but not as strictly accessible through our own observation as a positivist. From epistemological point of view, the reality and facts are a consequence of social construction agreed upon by people across centuries and as opposite to positivism, there is no actual independent data and facts available for instance, to create statistical correlations. From axiological perspective, critical realist would consider that the knowledge of reality cannot be separated from the social actors, which means that knowledge is never independent, but always someone's perception. (Saunders et al. 2016: 138-140.)

Furthermore, *interpretivism* is a philosophy created as a critique to positivism. From the ontological point of view of interpretivism, social constructions and organizations, or humans for that matter, cannot be studied like natural science, because humans create meanings. Researchers, who choose this method, study these meanings. According to interpretivism, there is no universal law of truth, because everybody constructs their own social realities from their own cultural background. For this reason, interpretivism attempts to create new, profound understanding and interpretations of the social world and context. Data, gathered when using interpretivism, the epistemological assumption, focuses on narratives, stories and interpretations of different people in different roles in organization. Researchers with this approach realize, that their own values and beliefs are major part of the outcome, as they interpret the research based on their own perception of reality (the axiological assumption). (Saunders et al. 2016: 136; 140-141.)

As a step further from interpretivism, *postmodernism* concentrates on power relations and underlines the role of language, pursuing to find the marginal views. Postmodernist researcher completely rejects the objective ontological assumption of reality. According to this view, any seen order of reality is temporary and foundationless. Order can only be found by categorizing and classifying language. From epistemological point of view of knowledge, instead of analyzing 'management' or 'resources' as such, focus is in the processes which can be thought to constitute as entities like 'management' or 'resources'. As it was in axiological perspective of interpretivism, also in postmodernism the researcher realizes his or her own influence on the respondent and the data. As power relations cannot be avoided, the researcher needs to be very aware and open of his or her morals and ethical positions during the interview and during the writing process. (Saunders et al. 2016: 141-142.)

Finally, according to *pragmatism*, only concepts that support action are relevant. In this philosophical approach, the research process starts with a problem with the aim of finding

practical solutions, that are applicable in real-life situations. The ontological assumption on reality in pragmatism may vary between subjective and objective. The most important determinant to the formation of research design and strategy therefore is the problem defined in the beginning. Likewise, pragmatism does not determine what type of knowledge or data (the epistemological assumption) should be used, but it is possible to work with various methods and knowledge. Exception is of course, if the research problem requires certain type of knowledge or method to be used. Pragmatists recognize that world can be interpreted in many different ways, and that no single point of view offers full view on reality. In brief, this view acknowledges that multiple realities exist. Essentially, pragmatists use methods that support reliable, relevant, credible and well-founded collection of data that will contribute to the problem and research (Saunders et al. 2016: 143-144).

As a starting point for this study, an inconsistency in the success rate of CRM adoption and its benefits and the cost of implementation, was realized. This was further amplified by a research gap found in academic literature. Against this knowledge the research philosophy was chosen. The philosophy used in designing the research strategy is pragmatism, because the aim of this paper is to find a practical overview on how to plan and initiate CRM adoption. The methods used to gather knowledge resemble that of critical realism, as it enabled the collection of relevant and reliable data, that contributed to the problem stated at the beginning of the process. The ontological background in this study is based on seeing the world as external and independent, yet understanding from epistemological point of view, that the reality and facts are a consequence of social construction. From this perspective, the design of this research takes into consideration that knowledge of reality cannot be separated from the social actors, which reflects to the data gathered and analysis of that data.

### 3.2. Research approach

In addition to philosophies, three research approaches to theory development can be identified. These are deduction, induction and abduction. *Deductive* research refers to research, which begins with theory, and developing of a conceptual framework, which is then tested. The process starts with theory, which is usually taken from existing academic literature, that explains a social occurrence. As a second step, the framework is tested in a designated area, with the chosen research strategy and design. As pointed out, deductive logic often includes testing; this indicated that it should include quantitative methods. However, it does not exclude qualitative data collection methods, like in the instance of

a single case study. (Farquhar 2012: 24-25.) *Inductive* research, commonly used in business studies, describes a process which starts from data collection and generating a theory of conceptual framework based on the existing data by identifying patterns. This type of logic is most concerned with understanding and exploration, which is very consistent with case study research. (Eisenhardt & Graebner 2007; Farquhar 2012: 25.) In *abductive* approach, the process starts with data collection, which is then used in generating or modifying the existing theory, and this theory or framework is then subsequently tested again through additional data gathering (Saunders et al. 2016: 145). In practice, these logics of reasoning may not be that easy to separate from each other. Therefore, many researches are a combination of two logics. (Farquhar 2012: 25.)

Against this background, the research logic used in this study is a combination of deduction and induction. The study relies and begins with review on existing literature, which works as a foundation for the constructed framework. After this process, the created framework is extended, based on the evidence from the empirical research. Yet, as the study does not plan to test a theory, the approach is more inductive.

### 3.3. Research methods

Two distinct forms of doing research exist: qualitative and quantitative. Quantitative research seems to have a dominant position in business research, and emphasis in (business) education often is in the quantitative methods. The status of quantitative methods in education may be one of the reasons for its popularity in the field. Nevertheless, qualitative methods are just as adequate form of knowledge production in business research. The choice of research method should be based on what is it that we want to learn from the research. Assuming that the choice of methodology is appropriate with the aims of the research, there is no justification to claim that quantitative research would be more desirable than qualitative. (Eriksson & Kovalainen 2016: 4-5.)

*Quantitative* research deals with explanation, testing of created hypotheses and statistical analyses. The data used in quantitative analysis rarely makes much sense until it is analyzed and showcased in graphs, scales or tables and described more profoundly. Often quantitative data is numerical or it is presented in some other form, that can easily be quantified. In case of quantitative research, positivism is a logical choice of philosophy, nevertheless, it does not rule out other philosophies. (Eriksson & Kovalainen 2016: 4; Saunders et al. 2016: 496.) *Qualitative* research on the other hand studies approaches, implicating that the emphasis is on creating interpretations and understandings. For this

reason, qualitative research is often connected to interpretivist philosophy, as it deals with making sense of meanings that are socially constructed by those participating in the study. Qualitative research aims to create an understanding of existing attitudes or circumstances and then attempts to go in depth and breadth, without creating generalizations. (Bradley 2010: 230; Farquhar 2012: 72.) Therefore, qualitative research may be the only option, as quantitative research cannot be used to understand the reality as social constructed, as it is not able to deal with cultural and social construction as their own variables. (Eriksson & Kovalainen 2016: 4-5.)

The main guidelines to keep in mind whilst making qualitative analysis are: (1) the analysis must be traceable, the researcher needs to be able to show how the conclusion was drawn, (2) the analysis needs to be reliable, meaning that the recordings and transcripts need to be in format that can be revisited again, and (3) the analysis must be complete, for instance, the researcher should hold on to all of the notes and transcripts made during the process and they should follow ethical guidelines. (Farquhar 2012.)

Moreover, qualitative research includes several different types of research methods. Eriksson and Kovalainen (2016: 6-7) mention ten of these, which are: case study, ethnographic research, action research, narrative research, grounded theory research, focus group research, discourse research, critical research, feminist research, and visual research. In the context of this study, the qualitative methods seem to be more appropriate and from the different qualitative research approaches, case study was selected as most appropriate.

### 3.3.1. Case study

Most commonly, case study research is qualitative, which may include traits of quantitative approach, but rarely purely quantitative methods. Case study is used, when the aim is to examine and describe a phenomenon and when the boundaries between the contexts and the phenomena are not evident. (Farquhar 2012: 5.) A case study is appropriate for in-depth investigation and description, especially when exploring a relatively new phenomenon that has not received previous academic attention (Eisenhardt & Graebner 2007). Case study is used in answering 'when', 'how' and 'why' questions (Farquhar 2012: 6). This determines the nature of the study, which can be descriptive, explanatory or exploratory. The aim of *descriptive* study is to provide accurate descriptions of the phenomena, *explanatory* answer the 'why' and 'how' questions and *exploratory* explores

the phenomena and provides new insights to areas which have not been extensively studied prior (Krishnaswami & Satyaprasad 2010: 11-12; Farquhar 2012: 6).

Case study is an empirical in-depth study on existing phenomenon, in real life context, and it may include single or multiple cases. Case study aims to develop understanding of a specific case in its own context. Case study is suitable in terms of the purposes of this study, because the approach is concentrated on creating an in-depth comparative description of the CRM adoption process in the case companies. Furthermore, the focus is on evolving the theoretical understanding of the existing phenomenon in new context (when how and why) and thus the researcher has little control on the phenomena. (Krishnaswami & Satyaprasad 2010: 11-12; Farquhar 2012: 6.)

### 3.3.2. Case companies

The present qualitative case study comprises two case companies and the interviews of five people, in three different occasions. Both of the case companies are relatively young, founded in 2013. These features indicate, that both are under a lot of change constantly and their operations are still taking their full form. Furthermore, both companies are SMEs, in the B2B markets and have recent experience of CRM adoption. The size of the companies implies, that they have the ability to be more agile in developments. Hereafter, the companies will be referred to as company A and company B. The companies were chosen to enable comparative analysis of one successful and one un-successful CRM adoption. The following will shortly introduce the companies.

*Company A* is a local subunit of a nationwide group, that provides logistics services to their customers. Typically, company A takes control of the entire logistic process of their customer, but in some instances, they may just take over a specific short-term project. They offer their clients, for instance, picking and delivery services, warehousing services, terminal services, loading services, production and trucking. All of the logistics services they provide for their customers are tailor-made for specific need.

**Table 4.** Case company A

<b>Company A</b>	<b>Interview 1</b>	<b>Interview 2</b>
<b>Date of Interview and interviewee</b>	27.02.2017, 2 interviewees both anonymous	10.03.2017, 2 interviewees, both anonymous
<b>Industry/sector</b>	Logistics	
<b>Product/ service</b>	3 <sup>rd</sup> party logistics services	
<b>Founded</b>	2013	
<b>Revenue € (entire group)</b>	1,2 milj (2015)	
<b>Employees (entire group)</b>	1-10	
<b>Interviewees functions</b>	Head of Customer service / Head of services	Head of Services / no title
<b>B2B or B2C</b>	B2B	

*Company B* provides visibility for their B2B customers through their channels. The audience of their B2B customers are the B2C customers of company B, who more specifically are the students. Students actively use the application and other services of company B, to find deals and advertisement targeted for them. Case company B's efforts have throughout the company's short history, been on acquiring wide B2C customer base, as it works as the company's best sales argument with their B2B customers. The interview was executed in B2B context. Moreover, company B has recently been going through organizational changes.

**Table 5.** Case company B

<b>Company B</b>	<b>Interview 1</b>
<b>Date of interview and interviewee</b>	01.03.2017, 2 interviewees, both anonymous
<b>Industry/sector</b>	Serving education
<b>Product/ service</b>	Services in marketing in B2B sector and providing discounts for students
<b>Founded</b>	2013
<b>Revenue €</b>	1,2 milj (2016)
<b>Employees</b>	15
<b>Interviewees functions</b>	Head of Sales / Partnerships Manager
<b>B2C or B2B</b>	Interview on B2B/ company is a combination of both

### 3.4. Data collection and analysis

The primary data collection in this study is through interviews. Interview can be described as a “...*purposeful discussion between two people*” (Saunders et al. 2012: 318). Interviews are used to collect valid and reliable data relevant to the research question and objectives or, in case the research question and objectives are not yet formed, interview(s) can help to formulate one (Saunders et al. 2012: 318). Research interview is a term that describes many type of interviews. Interviews may be very structured and formal, where the questions are very standardized for every respondent, or interviews may be very unstructured and informal and resemble a conversation. Between these two extremes’, some intermediate forms are typically recognized. Perhaps the most typical typology is: (a) structured, (b) semi-structured and (c) unstructured or in-depth interviews. (Saunders et al. 2012: 320; Eriksson and Kovalainen 2016: 93.) Furthermore, one typology divides qualitative interview studies to (a) positivist, (b) emotionalist and (c) constructionist (Eriksson and Kovalainen 2016: 92)

When conducting *structured interview*, the interviewee uses predetermined, standardized, and in some instances identical set of questions. This data gathering method resembles questionnaire and sometimes it is referred to as interviewer-administrated questionnaire. In this form of interview, each question is read out and the responses are recorded on a standardized schedule and with pre-coded answers. Structured interviews are used to gather quantifiable data, which means that the interviews need to be conducted in a way that there is no room for bias. Subsequently, though the questionnaire is interviewer administrated, all of the separate interviews should be conducted identically and the questions should be read exactly the same way as they are written in each interview. Structured interviews are often referred to as ‘quantitative research interview’. (Saunders et al. 2012: 320.) However, structured and standardized interview is considered qualitative, when the participants (respondents) give open-ended answers. Structured interviews are good for finding out information on ‘*what happened, when, how and who were involved*’. This type of interview is good for qualitative interview when it is necessary to compare answers and information in systematic way. Even so, some argue that standardized interviews are not flexible enough to be the main data source in qualitative research. (Eriksson & Kovalainen 2016: 94.)

*Guided* and *semi-structured* interviews can be used to study both ‘*what*’ and ‘*how*’ questions. The interviewer does not have as strict of an outline and questions for the interview

as in structured interview, but the researcher will have a pre-designed list of themes, topics, issues and questions to be covered. The outline of interviews may vary depending on the interview and respondent, meaning that the researcher may decide to omit questions in some interviews. The decision to omit questions may be due to the respondent's role in the organization or because of the flow of the conversation. The order of the questions is also a subject to change depending on the flow of the interview. Further, on the contrary to omitting, interviewer may decide to add some questions to other respondents. The nature of this type of interview requires usually recording them, because the answers are usually quite in-depth. The main advantage of this type of interviews is that they enable gathering systematic and comprehensive data without the restrictive nature of structured interviews, while the manner of the interview remains informal and conversational. (Saunders et al. 2012: 320-321; Eriksson & Kovalainen 2016: 94-95.)

Lastly, *Unstructured* interviews are for in-depth, informal exploration of the general area of interest. This type of interview is usually referred to as in-depth interview. In unstructured interview, there is no pre-designed list of questions. It needs to be kept in mind, that this still requires for the interviewee to have a clear idea of the outline and the aspect or aspects that need to be covered and explored. The respondent can talk freely about events, behavior and beliefs, so that it represents the point of view of the respondent. The interview may flow without the interviewer directing the conversation to a certain direction. The interviewer may also change the course of conversation to another direction of interest, should something new come up during the interview. The nature of unstructured interview is narrative. In narrative research, the researcher uses some form of pre-designed list of question for direction, but as the style is more conversational and spontaneous, the structure can be considered informal. The benefit of this type of interview is, that the topic feels more relevant to the interviewee, and as such, it may bring up insights that the interviewer could not have anticipated. (Saunders et al. 2012: 320-321, Eriksson & Kovalainen 2016: 94-95.)

Furthermore, in qualitative research, there are diverse methods for analyzing data. The methods can be divided into *explanatory* or *aspiring to wider understanding*. In case studies, narrative analysis, discourse analysis, content or conversation analysis, can be used. *Content analysis* was chosen for the purpose of this study. Content analysis assesses the data as whole and the purpose is to find similarities and frequencies in the content of the text. (Eriksson & Kovalainen 2016:120.) To start the process, interviews that were conducted for this study, were recorded and those records further transcribed. The transcripts were done soon after the interviews, in order to make analysis easier. Textual data is



prerequisite to perform appropriate content analysis. The textual data received from the transcript was then further categorized to main themes explored in the theory. Then the findings of the study were combined and compared with the theoretical outline.

To conclude, the starting point of data collection and analysis is in the quality and credibility of the study. Characteristic to case study is multiple data sources, with different types of data collection techniques. (Farquhar 2012:65.) Interviews are one of the most important source of information, because they provide deeper level of understanding on the subject or phenomena at hand (Yin 2013). For this reason, to gain knowledge and to explore the circumstances of successful CRM adoption, the data collection in this study is through semi-structured interviews. The data is analyzed in manners suitable for qualitative data, in this case by using content analysis. Qualitative data analysis can begin already when starting the data collection. When conducting semi-structured interviews, it is recommendable to make some notes directly after the interview, even though the rest of the data is not in a format to be able to make the main analysis.

### 3.5. Trustworthiness of the study

Quality of the study can be defined by the reliability and validity of it. Reliability is used to describe consistency and stability, of responses gathered through chosen data collection methods and analysis procedures. Validity is used to see the relevancy of the findings, essentially, if the study measures what it was intended to be measuring. As the chosen data collection method is interviews, repeatability is not possible in the exact same time and context and thus by the actual meaning, this study is not reliable. (Golsorkhi et al. 2015:4-6.) This feature, however, does not hinder the reliability as other aspects were taken into consideration to ensure the quality of the collected data.

Moreover, it was possible for the researcher to stay objective in the role with interviewees, as the interviewer had no previous connections to the companies. Interview transcripts were read several times to ensure no important information was neglected, hence contributing to the validity of the research. (Saunders et al. 2012:179.) Threats related to the reliability of the study are linked to either participant or researchers and are categorized as errors or biases. Factors impacting participant's performance are considered participant errors. Likewise, influences impacting researcher's interpretations are considered researcher errors. The influences leading to error can be as common as tiredness, rush or upcoming meeting. In case of bias, it may occur in instances where the interviewee is purposefully dishonest. Similarly, researcher may alter the results or deductions based on

his or her subjective views. (Saunders et al. 2012:192.) The threat of participant or researcher error was taken into account during the interviews. The interviews were scheduled so that the interviewees were not in rush to leave or they did not arrive to the interview in a rush. The researcher made sure this was the situation as well. The premises were organized so, that there were no interruptions. Researcher error was further minimized by recording the interviews with two separate devices. Thus, the interviewer could concentrate on listening and making notes. The transcript created from the recordings enabled revisiting them many times thus making it less likely that the researcher would make false interpretations of the interviews. Both of the companies interviewed for this study are service providers in B2B sector, thus it may be that the results are not applicable to other organization types or industries.

All the methods described in this chapter, starting from research philosophy and ending in data collection and analysis, create the methodological background to this study. The methods chosen are supporting each other in building a unified research design. The study will now proceed to empirical findings and discussion.

## 4. EMPIRICAL FINDINGS

The following chapter presents the analysis and the key findings of the empirical research. First, it presents the findings and analyses of the interviews conducted of two Finnish SMEs, to identify the important dimensions of successful CRM adoption. After this, the chapter will discuss the key metrics in use in the case companies. Based on this, the empirical extensions and additional dimensions in the revised framework are introduced at the end of the chapter. The following findings are divided by the topics and categories found during the analysis of the transcripts.

### 4.1. CRM adoption

Company A has an entirely internet-based CRM in use. The internet-based CRM system was already in use within the group when the interviewees from interview one established the subunit. They therefore were not involved in selecting the vendor. It is not entirely clear to the respondents, why the internet-based CRM platform in particular was chosen by the group. However, the interviewees speculate that one of the main reasons was the fact that the system is entirely internet-based and therefore it can be accessed easily anywhere. Accessibility was indeed mentioned as an important factor by the respondents, as the sales people are spending most of their time at the customers' logistics sites.

Everyone in the company does not have access to the CRM system, but for instance some are entering information on others' behalf. The segmentation therefore happens more in group level and the subunits are the different local branches. Interviewee two in the first interview with company A, is also a partner in the group. Even so, none of the interviewees are responsible for strategic level decision making on group level. The group provides the administrative, financial and HR services, as well as the external services like ERP, accounting and bookkeeping. Furthermore, the group should provide financing of the R&D schemes of the local branches, in case the plans require investments. In addition, when there is big scale strategic decision to be made, the group should direct attention to the regional offices. Based in this background, it can be stated that for the CRM system in company A, the initiative came from **top-down** and the respondents had no influence on it.

*“As our company is structured so that the group takes care of the administrative side, these decisions pretty much come from there... We merely accept them. We on the other hand take care of the local clients and sales and the operative side of it*

*and other aspects related to those so we don't have these administrative issues at all. So basically, it means that all of the system (implementations) come from there.” (Company A)*

The respondents furthermore reckoned, that CRM is generally an important tool for them to see that their amount of contacts is vast enough. In this sense, it seems that for them CRM is meant to be used to monitor their sales funnel structure. Group encourages sales people to have large amount of contacts, to be able to bring home leads and sales. In other words, the interviewees need to make sure they have something going on all of the time. On the other hand, the interviewees stated that it is important to not enter every company that has been contacted, into the CRM, because it brings no additional customer intelligence to them. In that case, the CRM then does not show the vastness of the contacts made, but the amount of offers left. These two statements appear contradictory. Indeed, especially during the second interview when the interview was held in open form and in the company premises, it came apparent that the CRM was not actively in use and that no one really knew what information should be entered in the system. Therefore, the CRM had become unusable as the customer intelligence and reports derived from there were not based on correct or up to date data. In fact, after the second interview, one of the interviewees approached the author of the present study by telling, that the group had told them to abandon the CRM platform and move back to Excel form.

Case company B has had two different CRM systems in use throughout its history. This is not counting in the Excel, that was used in the very beginning. For sake of clarity this chapter will refer to the current CRM system unless otherwise indicated. Interviewee one, who has been with the company since the beginning, responded that in the case of the first sales platform, the initiative for moving from Excel to actual CRM program was made by him. Whereas with the second CRM platform, the current one, the decision was made by the new CEO. However, what was stressed as important in the interview was that the decision was not made solely based on CEO's own preference, but rather the new CEO first interviewed all the employees, to find out what they prefer and if they have previous experience with any specific platform. The initiative therefor came from **top-down**, but the **employees were involved** in the decision making and had strong influence in vendor selection.

*“When the first one was implemented, I was the only one doing sales. Therefore, I had the opportunity to quite independently choose what I wanted to replace the Excel system with. At that time, it was important that the solution was light and*

*easy. But then, of course the company grew and we had one new organizational layer. Where previously everybody answered to the CEO, now I am in the middle management. So, the need for reporting grew. There are of course many reasons, but the biggest reason was reporting. When we started expanding, we noticed that the company grew. So, we rather chose one that allows reporting and does not turn out to be too small at any point, because the transforming of data from one platform to another can be very painful. The initiative was done by the CEO that came to the house two years ago and it was... it was something she was already familiar with.”*  
(Company B)

As stated, implementing new CRM system in company B was initiated as a response to the growing organization size and re-organizing the company structure. Re-organizing of the company structure led to more organizational levels, which led to increased need of reporting. The initiative was made by the new CEO that came along with the re-structuring process. During the time when the new CEO started, many of the old employees moved on from the company, and new employees were hired. The new CRM system that was initiated was familiar to most of the new employees, including interviewee two, who started to work in the company during that time. The CRM platform was also familiar to the new CEO. Thus, one criteria mentioned by the respondents was the fact that the platform had previously been used by most and it would take less time for people to learn to use it. In addition, one of the main criteria was that the system would not become too “small” in the future, so that they can continuously enter data. This was used as one of the main standards because they acknowledged that it would be very troublesome to transfer information from one platform to another. The current system also enables updating it continuously, so it is not necessary to change the entire platform should their amount of data grow enormously, they can just upgrade. The interviewees agreed that it was natural time to implement a new system.

#### 4.1.1. People involved in adoption

In case company A, two people had the main responsibility in the implementations of the CRM system, the group level owners. In this respect, there was no workload for the interviewees from the process. The management of subunits were not consulted about the CRM system and they have no knowledge of how the adoption was handled from the vendor’s side. It can further be maintained, that there was no transition time moving from one system to the other, because subunit was established after the CRM system had been acquired by the group. In the light of the current situation in the company, abandoning

the CRM system and moving to use Excel, it can be pondered up on if manager and employee level involvement would have made the implementation more successful and the use of the platform would have been more active.

Company B's approach to implementing new CRM platform was very different. The new CEO took the time to consult the employees about the criteria they found useful in the old system and challenged people to think about what features and metrics they think a new CRM system should include. This way, the employees started to realize that a more versatile system might be better. The process within the company was handled mainly by the CEO, and after the initial consulting of employees they were not concerned by the process. This was viewed as a good thing by the respondents, as it enabled others to continue with their own work. e.g. others did not need to put their effort in to the process.

*"In that situation, the CEO took me aside a couple of times to talk and asked what are the important things in the current system that would be good to have in the new one as well, and in a way challenged me by asking how can the current system measure this or this matter, and how about that and that. Quite quickly it was figured out that a more versatile CRM system would be good. After which the process continued by the CEO, who quite independently took care of it. There was no need to allocate other people's time to it."* (company B)

#### 4.1.2. Cooperation with the vendor

The CRM system in use in company B is sold by licensed sales consultants. Companies' selling this CRM platform receive a license to do so and to consult on the use of the platform. This concept has created a large group of consultants around the product. The fact that there is a blooming consultancy business around the platform has created an atmosphere where the vendors do provide assistance in case of need, but only at a cost, and according to the respondents' assumptions, with the agenda of making further sales. The interviewees have the impression, that they are not the most desirable clients for the vendor, as they are a small company and it is unlikely they will make further big purchases in the future. For this reason, the respondents felt as though they were not receiving assistance when they encountered difficulties during implementation process. According to the respondents, during the implementation process, a consultant came to advise in the building of the platform maybe two or three times. In practice, however, most of the work and learning was done independently by searching answers from a manual provided by

the seller and from the information online. The respondents maintain that they have received and asked for very little consultation and support. The solutions to difficulties came, and come, faster if they searched for them on their own. For instance, by relying on the global sales user support sites.

*“If I would give the cooperation a school grade... I would probably give it a six or seven. In the eyes of the seller we are a marginally small client. The possibilities for extra sales in the upcoming years are very slim, so we most likely are not number one in their list of priority when we are asking stupid questions. So, well... sometimes it has been so that when google doesn't tell us the answer or something has not been working, the response time from the vendor has been unfortunately very long. On the other hand, the benefit of this platform is that it has the global customer support. If you have the patience to click long enough through the FQA questions, you are able to send a question. The global support works pretty ok, and people give you tips.” (Company B)*

As the case company A interviewees were not part of the decision making in CRM adoption, they do not know how smooth or difficult the process was. The internet based platform in company A is less complex with less add-on possibilities, so the implementing process therefore can be thought to be less demanding. In addition, as the platform is based online, it did not require heavy software installation on their hardware. Nevertheless, the interviewees do have experience of the ongoing cooperation with the vendor, as in some cases when a problem has occurred, they have had to ask for assistance. In their case, as the platform is solely internet based, majority of the help is internet based as well. The interviewees mentioned that they receive frequently emails and requests to participate in online courses that educate on the use of the platform and how to make the most of it. This seems highly beneficial and the nature of user support seems to be quite different than with the company B vendor. Nevertheless, even these courses can be considered not beneficial for the company A employees, as they state that they have not participated in them. When it comes to the customer service, the interviewees had nothing bad to say. In fact, the respondents mentioned that if they wanted to contact the provider, they were always able to reach someone. They may not receive an answer right away, but someone from the vendors side always gets back to them later.

*“Immediately I was not able to contact anyone, but later on they contacted us so they do get back to you. They keep on sending these invites for online training seminars. They are online based seminars where you can participate and so forth. They very actively send information... I get emails frequently.” (Company A)*

#### 4.1.3. Level of IT-integration

In both companies, the level of integration of CRM platform to other existing infrastructure is low or non-existing. In the case company B, there is more integration options, as the platform they use has numerous add-on possibilities. For instance, for work supervision and projection company B uses another program for which the CRM platform has a ready add-on existing. This add-on enables them to transfer customer information from one program to another. Furthermore, company B uses another platform for prospecting. The prospecting software is provided by a Finnish company and it is integrated to the CRM platform in a way that allows directly generating a lead from the prospecting platform, to the sales platform. Principally, the add-on enables transferring client information with a push of a button. This saves time as it is not necessary to copy paste the fields. Nevertheless, in practice they do not transfer leads to CRM automatically before they have been contacted, meaning more contact than just an unanswered phone call. They manually hand pick the most prominent ones to transfer to their CRM. Moreover, when asked about the possibility of other types of integrations, company B respondents said that they are not actively planning on integrations. In case a need for integration emerges, they will see if it is possible to actualize it with the current system and then they implement it.

*“I think that it goes according to the need. A need for having data in a certain form comes up during a conversation and then we research to what degree does our current systems allow it. If we see that we can take information from place A to place B in some specific integration then we can of course actualize it. But I would not say... I don’t believe that there is any kind of active research going on about how can we use it. So, it comes directly from the need more than from proactive research. At least for now.” (Company B)*

In company A, the CRM platform is lighter and with less possibilities for add-ons and integration. In many ways, it seemed that the interviewees in company A were not very tech savvy, nor the owners on the group level. Therefore, there seems to be a need for consultation on the proper use and benefits of the CRM platform. As the most important



feature for the daily work, the interviewees recognized features related to emails they send, as most of the prospecting and contacting work is done manually. Consultancy on the use and different features of the platform, might make them see more benefits that can come, provided they would enter sufficient amount of reliable data. When asked if there was any integration to other IT- infrastructure, the response was vague.

*“Well not really, because as we for instance are contacting clients via email or otherwise, so then we can integrate the email messages to the CRM system, so they are automatically saved there... every time we send something then we have there as cc the address where the emails of that specific customer go to. Technically the conversation is saved to CRM... That is really all I know... At least I have no information that something else would be integrated.” (Company A)*

The respondents from both companies further stated, that the traffic in their websites is followed. However, in neither of the companies this function is integrated to the CRM system. For instance, the leads that are received from the traffic on their websites are not saved automatically to any of their other existing systems.

#### 4.1.4. Assessing the CRM adoption in case companies

As mentioned earlier, the level of CRM adoption has not been good in company A. The instructions and guidance on the coherent practices in the usage of the CRM have not been clear. The CRM system has not been harnessed to its full potential and it was never adopted extensively in all of the subunits. This has caused dissatisfaction towards the system and the use of it. This is a vicious circle. Quite a revelation was made during the second interview with company A, when one of the respondents mentioned that the main reason for not using the CRM properly was that some sales people in other subunits do not want to share information within the group. Some of the sales people are concerned about letting everybody see their quotations and potential clients. However, this is an issue in the group wide company culture, that should have been addressed by the top management. The issue should have been addressed in organizational culture level, and in the IT- infrastructure level. For instance, there are different user account levels within the CRM software. In brief, the system could be organized so, that only the head of the group would see all the subunits' information and the subunits would only have access to their own unit's information. Likewise, such mistrust between different units should have been confronted by the group owners and dealt with, rather than accepting and supporting this type of behavior and organizational culture.

The interviewees of company A were further asked what they wish was different with the current system and what would they do differently if a new adoption process started now. A strong emphasis was on **accessibility** whilst being on the move for instance via mobile. The foremost wish was, that the program would be easy to access anywhere and fast, as it would lower the threshold to start using the CRM more efficiently. Furthermore, they found the entering of the data troublesome, as they need to log in to the system and find the right places to insert the information.

*“Yeah we were talking about this just now. The client information in the internet based CRM system should be accessible via mobile device. Because even though it is internet based, it should be more easily accessible.” (Company A)*

The interviewees were agreeing to this strongly and one of the interviewees mentioned that in previous occupation they had a system which would automatically open the information of a customer on the computer, when a call came in. The main benefit in the previous system, according to the interviewee, was that they could always count on the information inserted in there. Essentially, the sales person knew what to talk about with the customer when a call came in. This answer illustrates more contradictions. System like this would require more intense reporting, and heavier software integration. The system the interviewee described, work mainly with platforms where the phone-system is integrated to the CRM in intranet, which would indicate that they should be stationary whilst using the platform, where as they wish to be even more mobile. This seems to be the opposite of what they wished the new platform to be like. In case they wish for a heavier system with more integration and accurate data, they will need to report more and the system is likely to become more complex to use than the current one.

Furthermore, the respondents were very critical of other sales peoples and the groups way of handling the CRM adoption. Yet, especially during the second interview it became clear, that they were not anymore active or consistent with their way of entering data themselves. The interviewees of company A do admit that there is a need for action and consultancy within the entire group, and they mentioned that they are terribly worried about the latest move towards excel. According to the respondents the emergence of old-school people to their sales organization, will make it harder to start using the CRM system efficiently in the future. The interviewees further mentioned, that they understand that the process of entering information is slightly slow, but if they are willing to do it,

the system will serve everybody much better in the future. This insinuates that they ultimately recognize what is required of them, to keep the CRM database reliable. It can be speculated that they do not use the CRM system daily because of lack of top management support and enforcement of the usage. Additionally, the mistrust between subunits is an important factor. Nevertheless, there seems to be strong will among the interviewees to start using the CRM platform more efficiently. However, coherent group wide practices need to be created first.

*“I don’t even know if I dare to say this out loud but... just last week two of our sales people, not here in our branch but in other branch’s in our group, have now taken Excel spreadsheet into use alongside the existing CRM system. So technically, how would I put it... We have technically taken backward steps here.” (Company A)*

As mentioned, after the interviews, also subunit A was forced to move back to Excel.

Company B interviewees were generally more satisfied with the level of CRM adoption in their company. When asked, if CRM adoption process was to start now, what would they wish was different, the answer was that despite the many good qualities of the platform, they would consider the vendor selection again. According to the interviewees, the current CRM has many pitfalls, like the fact that the interface feels outdated. The respondents highlighted, that it does not mean that the system is missing something, but rather that it is not as **intuitive** as the users of today would hope it to be. The interviewees would want to think that the system would serve them better as a user, if the software would be organized more logically. Now, for instance, to update a certain field, like changing a name, can be a very difficult process. They would prefer just placing the pointer of the mouse on top of the name and write a new name. In practice, when the user wants to change the name of the customer, the user must go through the system administration. That is not, according to the company B respondents, the fastest possible solution.

*“As great system as this platform is, it is a bit outdated from its appearance and user interface. Meaning, that it could be a bit more intuitive on how to modify or customize it to the needs of your own company. In some way, it seems it is built for the markets as they were 15years ago. Back then, it must have been a very cool product and served the customers really well... now it has become a bit outdated.” (Company B)*

Intuitive and ease of entering data to the platform seems to be a point that all the interviewees from both companies agreed on. The interviewees of company B further compared the system they use to something that would be simpler and more intuitive.

*“...If you like to adjust and refine then this system might be better. But for a sales person who has to make hundred calls per day, it is surprisingly annoying when you have to do one or two clicks more during phone call with this platform, than you would with some other platform. Or when you have to make some reports on your own instead of the platform doing them for you.” (Company B)*

*“... the usability is not a strong suit in this but the plasticity is.” (Company B)*

Another aspect that received criticism, was the pricing according to different user levels. Furthermore, the different levels also seem outdated. For instance, the levels that are named professional, actually are so small, that you cannot use it to run operations in normal business context.

*“...there is the starter level, then the basic level, corporate level and finally there might be some cypher hyper level. In order to start using this platform, you need to be able to decide in the very beginning which level suits you best. And for example, we noticed that the level we chose in the beginning, didn't really work the way we wanted it to work. So, we had to upgrade to next level. This is a good example of how to make the usage of the platform easier. Surely, by changing levels you can do it, but when you are implementing a new system it is not the easiest thing to understand what is it that I will need from this platform. Then you don't notice it before you are actually using it, and then they will tell you that you will have to purchase, with a lot more money, the next level. It is not a pleasant situation at that point. But as you have already committed to this program, you don't really have a choice anymore.” (Company B)*

The pricing criteria and logic has caused some bad blood in the interviewees in company B. They went as far as saying that had they been more aware of the triggers between different levels during the purchase process, they might have considered more if this is the one they want. For example, they initially purchased professional level, and assumed it is made for professional use. However, the limit for storing attachments was only 500Mb, which in today's data driven business world does not really allow you to save enough information. A basic email will allow you to save more information on a cloud.

*“...It has this type of functions like a pathetic limit of 500Mb on how much you can store attachments there in the year 2017, when any private person can have about 30Gb from google for their private email. So, I would claim that that they have very purposefully created these different levels and such which are no longer useful for this time and age. Let’s think about it so that the seller for sure knows already when selling the product, that I will sell this one, because I know they will have to come and purchase the more expensive one after six months because this level is not good for the use they want. (Company B)”*

Another problem with the user levels is, that in case there is a need for more space to store data only on one function, it is not possible to upgrade only that function. It is required to purchase the next level which includes a lot of other qualities as well. This is how vendor justifies the higher price. As an example, the interviewees gave a job description tool in the platform. The original level which the company B purchased, allowed to save five attachments. If they needed to insert six, the system would not allow it. To upgrade only this function was not possible, but they needed to upgrade to the next level, which included many new functions. In short, the platform should allow more customization. The interviewees stated that it seems very beneficial for the CRM company to have this blooming consultancy business around their product. The consultation business has originated because the tool is quite difficult to use in the beginning.

Overall the interviewees of company B believe that the software they have is very good in companies with around 100 to 1000 employees. In a bigger company, the possibilities for customization are better, but for them, as they merely have 20 employees, it is not as user friendly as the upgrades should be smaller. The respondents stated that they would want to hear other possibilities from other vendors if they were starting the implementation process again. Furthermore, they continued that if they were asked to recommend this platform, they would advise to make profound research on the different user levels, before making a decision.

#### 4.1.5. Measuring CRM performance

Company B has two main metrics in use, which they follow on weekly basis on a company level. The first and most important one according to interviewees, is **turnover**. Turnover is something that is constantly visible for all employees. The second one is **daily active users**, which is connected to their mobile application service. In principle, the more

their B2C customers are engaged in using their mobile application daily, to find advertisement and offers from company B's B2B clients, the better selling points they have. The daily active users are measured only from the users of their mobile application and this information is only followed from the platform used for the service and it is not integrated to their CRM. The target for active daily users is an annual one, which is divided into smaller segments throughout the year. Each new segment is anticipated to grow from the previous one. In addition to these companywide metrics, company B does measure activities on team level, for example the **average size of sale** and **customer satisfaction** on both B2B and B2C level.

Customer satisfaction in company B is measured with **net promoter score** (NPS). The principle of NPS is that all the respondents are asked one question, *'how likely are you to recommend the service on the scale from zero to ten'*, and from the results, the final score is calculated by using a certain formula. The NPS score can be as low as -100, which means that all the users of the service are detractors, or it can go as high as +100, which means that all the service users are promoters. NPS score that is higher than zero is considered good and a score that is higher than +50 is considered excellent. NPS measures the ratio between minus and plus and it is a very universal way of measuring, which enables a lot of benchmarking opportunities about the ideal ratio. As their newest metrics, company B has just started to measure the **level of customer retention** on the B2B side. In short, when a company has been in a cooperation with them, do they wish to continue that cooperation for another year.

Company A has many metrics in use related to the ERP systems which they use with their customers. It seems that company A's and the entire group's internal functions related to CRM, are less than well organized. A positive aspect is, that when it comes to their actual projects and services with their customers, the systems are well established and activities measured dynamically. Company A's most important meters are related to operational functions and they are: **inventory turnover**, **warehouse filling degree**, **resource allocation**, **service level**, **picking errors**, **delivered items** and **inventory**. The respondents mention that with most customers, they have two ERP systems working side by side, theirs and the customers, which is why inventory needs to be measured actively. Furthermore, company A measures **customer satisfaction** as well. This is not done by conducting surveys and creating statics, but rather it is done in monthly meetings face to face with the customer. Main reason for not conducting such surveys is, that their subunit has not been in operation for long and they feel that their customer base is not large enough for that type of reporting to make sense.

*"Customer satisfaction is evaluated during monthly meetings with the clients, so that way... But direct measurement, like sending a survey to which the customer needs to react to has never been done. It is possibly more relevant when we have been in operation for a bit longer period of time and we have larger customer base." Company A)*

Moreover, company A respondents wished that the customers they have, would be valued into categories in their CRM. Thus far, no steps towards this segmentation have not been taken. The interviewees expressed great interest in metrics that guide sales actions. For instance, **the amount of contacts versus deals** and what is **the percentage of lost sales**. They were also interested in determining what is the typical sales process and how far do most of their sales negotiations go, in other words, what seems to be the **critical make or break point** in the negotiations. They are aware that this type of information may be possible to extract from the CRM, but it has not been done. Main obstacle for being able to extract valuable customer intelligence from the CRM is the incoherent data entered there.

In the metrics part of the interview, it was of further interest to know, if the companies have measured the cost of acquisition or retention, cost per sales or cost per customer contact. Company A does measure the **cost of acquisition, cost per client** and **cost per customer contact**. Currently these figures are not flattering for company A, as their customer acquisition and process planning may take up to a year. In fact, they mentioned it was a yearlong process to acquire their first client. No active measures for improving these results have been taken within the company.

*"...when we over take the entire logistic chain of a customer, the services are so large and heavy that after we start the negotiations about the possible need, it may be that we receive the final yes or no after 6 months or a year." (Company A)*

During the second interview at the premises of the company A, it was evident that they have several possibilities of receiving more reports, even directly from the CRM system. For instance, as their customers all take a lot of their respective time, and acquiring a customer may take up to a year, it would be important to be able to continually monitor which customers are actually profitable, and which are not (80/20 rule). This procedure would enable the allocation of resources more efficiently. Naturally, without data integrity, none of these reports can be retrieved from the system.

Company B also actively measures **cost of acquisition** and **retention**, **cost per sales** and **cost per customer contact** and quite like company A, they were receiving some very important and valuable insights from these metrics. In fact, they have re-evaluated their sales process, after realizing that some of their smaller customers fail to be profitable due to heavily time-consuming acquisition process.

*“We have so many of the small clients that now we have started this development project to measure the cost per customer, from the moment a first phone call is made to the moment when the actual contract ends. We roughly estimate the expenses from man hours caused. I must admit there has been some very interesting findings, which have already started to bring changes to how we sell and price our services. These metrics have been very eye opening.” (Company B)*

The changes brought by the new insights provided by the metrics, are changing the way company B is dealing with their smaller B2B customers. They have started developing a B2B online onboarding-tool for marginal deals made with customers. Through this B2B online onboarding-tool, the customer does not have to have personal contact with the sales personnel of company B in case they decide to purchase the service. In other words, based on these metrics they have created basic “visibility packages” which they are selling at set prices. In the tool, the customer first fills in a form on the website of company B. This form is then received via email by someone in the sales team. The process continues by exchanging further few emails if necessary, and the process is finished rather quickly after which the client pays with card and delivers the marketing material they wish company B would showcase in their channels. This will make new customer boarding considerably easier and cheaper, for smaller customers, that only wish to have the very basic visibility.

Company B ended up creating this solution as they realized the absurd amount of time it took to board these customers in comparison to what they receive from them. However, these customers are still important for the company, as they bring benefits for their B2C customers. The benefits that are gained for the B2C customers is the main objective of company B’s daily activities, which is why the company does not want to dismiss the small B2B customers. If the customer on-boarding platform implementation is successful, also the more marginal customers become profitable.



Moreover, the problems faced in company A, regarding the CRM adoption, data accuracy and measuring the performance, are deep rooted in the group. The group seems to keep tight leash on the subunit activities without providing sufficient support and expertise in the administrative side. The top management has not provided clear directions on what information needs to be entered into the CRM, to receive valuable and useful reports. People in the group and even within the subunits enter information erratically or do not enter anything at all, which means that it is impossible to derive any useful data. The topic of reliable customer intelligence was an issue raised by company B as well. Entering viable and coherent information into the CRM to be able to receive correct reports was mentioned to be vital. The respondents of company B earlier gave some critical feedback regarding the CRM system they currently are using, but wanted to remark that the software does have several benefits. For instance, it enables to begin measuring new metrics in hindsight, provided all the relevant information has been entered. This was viewed as a huge merit for the CRM vendor.

*“If I get an idea that we would like to have barbershop as our customer, and I want to know what is the hit rate there, with this software, I can figure it out in five minutes. Though the system is very complex, I will give it credit for enabling things to be done retroactively, things that you did not know were necessary. So, for instance, we always insert industry information into the CRM. When that information is there, all I need to do is filter the companies in the desired industry and see the percentage of won and lost sales and then, I have hit rate. I can retrospectively start measuring it. We have previously measured hit rate, and on weekly bases we do have a look at the sales personnel’s funnels, to see the entire amount of offers versus sales, and the hit rate in this sense.” (Company B)*

The respondents of company B underline that these are merely constant inactive following, because they feel that the main metrics include other metrics quite accurately as well. Or, at the very least provide nuances for that. The respondents are highlighting the importance of inserting various but consistent information into the CRM, to keep the records valid and valuable. This is an important notion, because though at the moment of entering information it may feel irrelevant, after it has been done, it enables the continuous monitoring of processes and even measuring important indicators that only occur to the company in retrospect.

Based on the data analyzed and present above, the most important metrics related to CRM performance and adoption are: **cost of acquisition** and **retention**, **cost per sales** and **cost**

**per customer contact, conversion rate.** These metrics contribute the most to evaluating the new business processes related to CRM adoption. They provide valuable information to see, if the CRM strategy has been adopted successfully, or should processes be altered. They furthermore provide indicators, if the cost of implementation can be justified. Next a table summarizing the metrics that are used in the case companies, is presented. The ones contributing most to CRM adoption are in bold. The metrics are categorized in the table based on a division suggested by Griebeler (2015).

**Table 6.** Key Metrics suggested by the empirical findings

<b>Acquisition</b>	<b>Retention</b>	<b>Efficiency</b>	<b>Operational</b>
Turnover	Net promoter score	<b>Cost of sales</b>	Inventory turnover and inventory accuracy
Average revenue per user	Retention rate	<b>Cost per interaction activity</b>	<b>Cost of acquisition (COA)</b>
Direct traffic undirect traffic	<b>Cost of retention</b>		Warehouse filling degree
<b>Conversion rate</b>			Resource allocation
Rate of adoption / daily active users			Service level
Marketing campaign effectiveness			Picking errors
			Delivered items

#### 4.2. Summary of the findings and revised framework

The literature suggests, that there are two main ways that a CRM initiative is championed in a company: **top-down** or **bottom-up approach**. The previous research insinuates that in the companies where the initiation came from top-down, the implementation process received better support, sponsorship and involvement. This way, the initiative is seen as a strategic, analytical approach, not as a mere IT tool. This in the light of the interviews conducted for this paper, indicate that though top-down approaches may in some instances yield more benefits, it does not work as a prerequisite for the initiative to be strategic in nature. In company A, the CRM implementation did not include lining it with companywide strategy or even conducting business process analysis, though the initiative came from top-down. In company B, the initiative also came from top-down as it was the

initiative of the new CEO. However, in the case of company B, the employees' opinions were consulted to find out the needs at the customer interface level and to integrate it to the business processes. Therefore, this suggests that a successful approach may be something more of a **hybrid** between top-down and bottom-up approach. The employees need to be consulted and involved from an early stage, though it should be the top management's responsibility to line it with the overall strategy.

The outcomes of the empirical research for this study further align with some of the earlier studies. Theory suggests that in companies where the senior management viewed CRM as 'useful' instead of 'critical' the perceived CRM success was associated negatively. When the initiative lacks **top management support**, it does not only mean that no resources are allocated to it, but it indicates to others that CRM is not company priority. The case companies' situations clearly support this statement. In company B, top management gave full support towards the adoption from the beginning of the adoption process, until the end and continued to enforce the use of it after the implementation process had ended. In the case of company A, the top management did initiate the adoption, but failed to support the use of it. The findings therefore indicate, that it is not enough for the top management to provide the software, they need to ensure and enforce the use in daily work and provide proper instructions for the use of the program.

Furthermore, the findings of this empirical research, support that **lack of vital resources**, **lack of focus on change management**, and **not involving employees** in a sufficient way are the main obstacles hindering CRM adoption success. The discoveries show, that employees need to be involved in the adoption process to find the real needs of CRM solutions and to be able to analyze the business procedures at the customer interface level. CRM strategy needs to be **clearly communicated** throughout the organization and throughout the implementation process. In implementation projects where the employees are included in the process, as was the case in company B, it motivates the employees to consider all the possibilities of the new system. Thus, ensuring the efficient use of it, which eventually leads to committing to the system in long term (supporting the hybrid approach).

This is closely linked to **organizational readiness** and willingness to change processes. When employees are informed about the strategic advantages, they are likely to adopt to changes. If business analysis is not conducted and the ways of working are not modified and upgraded accordingly during the implementation, CRM never becomes fully adopted. From the empirical research, one of the most important findings related to organizational

readiness was the fact there are times, when companies are more adaptable to change. When the adoption process began in company B, the CEO had changed along with other personnel and the organization was restructured. This insinuates that organizational change is a natural time for new system adoption. To compare this to company A's situation, where the strong reluctance towards the use of CRM from other subunits of the group, ultimately lead to abandoning of the CRM system.

CRM adoption requires a lot of resources. Resources may be **tangible**, such as financial resources, or **intangible**, such as the know how that company has. The budget and know how restrictions outline much of the adoption process. For instance, both case companies are SMEs, which means that they have less resources to allocate to CRM functions. The findings also indicate that the CRM implementation in general may bring more benefits to big companies, because the CRM projects in SME's are usually smaller in scope and organized in modular style. Additionally, SMEs are unlikely to have vast amounts of in-house data or the expertise in communication technology to exploit the data should they have it, and outsourcing these services is expensive. The respondents from both companies frequently mentioned that as a small company they have not seen a need for deeper integration. CRM initiatives that are small in scope are more likely tactical in nature, therefore not including the overall strategy of the company.

From the empirical findings of this study, it can further be conducted, that disorganized IT- structures, hinder the creation of integrated system architecture, insinuating the importance of **IT- readiness**. As it was mentioned above, the size of the company may hinder the possibilities of integration, by restricting the resources. One restriction in company A for instance, was the lack of viable customer intelligence. This problem could be solved by integrating the CRM system with other customer information platforms. As it was presented earlier in the analysis part, company A has well working ERP system, which the interviewees rated to be functioning excellently and the information there to be accurate. This suggests that company A has good perquisites to start building CRM platform, because CRM has to be more than just a marketing and customer service initiative. For predicting correct demand and supply, and for sales work to be done according to correct information, the well-functioning ERP system would need to work in harmony with the CRM system. Both case companies in this study are in service business, thus seamless cooperation of ERP and CRM can be considered vital, as customers buying services are more interested in state of the art process with no mistakes, than in highly customized product.

Based on the literature, the most value in vendor selection is given on product-related aspects, like functionality, integration capability (IT- integration dimension) and modularity of the solution. In addition to these aspects also other aspects came up during the interviews. One of the most important extension to vendor selection was **scalability**, mentioned by company B. This refers to the fact that as the need for reporting increased and the customer information base grew larger, company B wanted to make sure that they do not have to switch the platform in near future, but the platform would allow growing by updating the current system. Another aspect that the company B interviewees were satisfied with was the fact that the software enables creating reports in hindsight, provided that necessary information has been inserted.

While company B seems to be quite satisfied with their CRM platform, there are some features they wish it would further have. For instance, the interviewees wished for the software to be more **intuitive**, as the current interface seems slightly outdated and furthermore, they criticize the interface of being quite **difficult to use** in the beginning. Company A interviewees were not part of the vendor selection, but they speculate, that the main criteria was **accessibility**, on the move. They further wished for accessibility via mobile. Additionally, though the CRM adoption can be considered successful in company B, they did mention that they might consider their vendor provider again, if they were to begin the process now. This was mainly due to the fact, that they felt the vendor does not provide **efficient system support** nor informed them enough on the pricing criteria.

Another reoccurring theme in the interviews and in the literature, was **scope**. The importance of cutting down the process to smaller frames and time spans, should not be overlooked. Additionally, important aspect in this dimension (and why not in all dimensions) is to consider what is it, that we want to achieve. In the empirical results of this study, it is apparent that without proper **definition of objectives** and possible **limitations**, the system implementation is too broad and it fails to answer any of the company needs the CRM was acquired for. This is essentially one of the reasons why the adoption process in company A failed. No objectives were defined and communicated throughout the entire group. Whereas in company B, it was mentioned that the main reason behind a new CRM system adoption was growing need for reporting. In company B, the CRM answered one specific need, through which the evaluation criteria were set.

Moreover, the importance of **measuring CRM performance** is highlighted in the findings of this study. The measuring of the performance does not only apply to measuring the ROI of the adoption and thus justify the implementation, it should also be used to

measure the **effectiveness of the CRM** implementation, to test and update the business processes, that were created in the beginning of the adoption process. As an additional dimension, not fully explored in the literature, the findings of this study further demonstrate the importance of clear **project management** and a project manager to take responsibility of the CRM implementation. Thorough research needs to be conducted internally and externally and this research should not burden the employees. This indicates that **an optimal level of employee involvement** needs to be considered. As the most important additional dimension, **data quality** is added. Data quality can be considered most important, because without reliable customer intelligence derived from CRM, the entire platform loses its purpose. In case company A, there were many reasons for abandoning the CRM platform, but essentially the CRM had no function or benefits for the company as it was. Data quality was also mentioned as one of the most important factors by company B respondents, as it enabled the measuring of performance and deriving reports even in retrospect.

With this outline, the framework of dimensions of successful CRM adoption is reinforced with empirical extensions and two additional dimensions. The refurbished framework is introduced in table 7, presented next.

**Table 7.** The dimensions of successful CRM adoption-empirical extensions

Dimensions of successful CRM adoption	Purpose of the dimension		Contributing authors	Empirical extension to a dimension
<b>Approach</b>	<b>Top-down</b> Managerial support- Part of strategy / analytical approach	<b>Bottom-up</b> Mere IT tool - Viewed as useful in- stead of critical	Yu (2001) Alt & Puschmann (2004) Bohling et al. (2006)	<b>Hybrid</b> -It is not enough that the initiative comes from top-down to make it strategic and have managerial support.
<b>Management support</b>	Does the top management support the adoption? Dedication throughout the process, including it in the company strategy and the use of the new tools is encouraged strongly. If management does not provide tools, guidelines and sponsorship, the adoption tends to fail.		Yu (2001) Bose (2002) Wison et al. (2002) Alt & Puschmann (2004) King & Burges (2008) Bibiano et al. (2014)	If management does not enforce the use of CRM, it is not used by all in daily business processes and thus the data is insufficient and not accurate. Clear guidelines and practices need to be set and the daily use needs to be motivated.
<b>Organizational readiness</b>	-Organizational culture change -Willingness to change processes -Process change capability -Change management - Business process analysis		Wells et al. (1999) Bose (2002) Alt & Puschmann (2004) Bohling et al. (2006) King & Burges (2008) Bibiano et al. (2014)	Timing is important. During organizational change is natural time for new implementation
<b>IT- readiness</b>	-System architecture -Integration capability -Construction -Design		Bose (2002) Alt & Puschmann (2004) King & Burges (2008) Bibiano et al. (2014)	SME context brings limitations.
<b>Resources</b>	<b>Intangible</b> -Knowledge management capabilities -IT Knowhow	<b>Tangible</b> -Sponsorship -How much is allocated -Related to top management support	King & Burges (2008) Bibiano et al. (2014)	SME context brings limitations in terms of less financial resources as well as knowhow on new platform implementation. Hiring consults is expensive.
<b>Vendor selection</b>	Most value is attached to product-related aspects: product maturity, functionality, integration capability and modularity of the solution.		Bose (2002) Alt & Puschmann (2004) King & Burges (2008) Bibiano et al. (2014)	<b>Accessibility</b> <b>User support</b> - Does the vendor offer support? How independent is the company willing to be afterwards? <b>Scalability</b> - The system should not become too small at any point
<b>Scope</b>	-Time -Process to smaller time frames -Evaluation criteria (what do we want to achieve)		Yu (2001) Alt & Puschmann (2004) Bibiano et al. (2014)	<b>Limitations and Objectives</b> - For instance, growing need for reporting <b>Problem definition</b>
<b>Communication</b>	-People management -Communication of CRM strategy -Taining of employees -Involving employees -Willingness to share information		Bose (2002) Alt & Puschmann (2004) Bohling et al. (2006) King and Burges (2008) Bibiano et al. (2014)	Clear outline what to communicate through what channel. The strategy of the CRM usage needs to be communicated so employees know, what the vital information to enter is.
<b>Measuring CRM performance</b>	-ROI of investment -Justification of implementation		Berry (2001) Oshita & Prasad (2000) Llamas-Alonso et al. (2009)	<b>Cost of acquisition and retention</b> <b>Cost per sales</b> <b>Cost per customer contact conversion rate</b>
<b>Strong project management</b>	<b>Optimal level of involvement</b> - the project should let employees concentrate on their own work		Additional dimension based on empirical study	
<b>Data quality</b>	After adoption activities to maintain data accuracy. There for willingness to share data is of most importance.		Additional dimension based on empirical study	

## 5. DISCUSSION

Considering the importance of CRM, a striking disparity of its definition exists. Regardless of the disparity in CRM conceptualization, the numerous definitions do have some points in common. These common points insinuate that CRM is a combination of a customer-centric strategic orientation and information technology (IT) applications. These applications work with the purpose of supporting business processes to enhance customer intelligence, and meeting customer demands in a customized way. Thus, ultimately accomplishing dynamic, strong and interactive customer relationships through time. With this backdrop, this study has reviewed CRM adoption from the perspective that it is vital to understand the nature of CRM as a combination of IT-solutions and organizational changes, that are of strategic nature.

Moving towards customer centric approach and adopting CRM is challenging for the company. This approach requires the company to rethink their marketing strategy, the markets they are in and how do they communicate with the customer, whilst simultaneously aligning these processes with the company wide strategy. When companies choose this approach, it is essential that investments in ICT and necessary incentives are in place. Bottom line is, the IT-applications are supposed to ease the process of managing customer relationships, not make them more arduous.

To conclude, companies applying CRM approach need to be willing to change also the organizational culture. People as well as the daily business processes need to be aligned with the new CRM strategy. Thus, this study maintains the assumption that the main objective of CRM is to manage the customer lifecycle from acquisition to retention and that it has its final aim at encouraging long-term relationship. To ensure that this process is successful, there needs to be processes to assess CRM performance and a framework of dimensions to outline a successful roadmap for CRM strategy.

### 5.1. Theoretical implications

The present study contributes to the existing literature on CRM strategy adoption by offering a comprehensive definition of the term CRM based on the writer's critical analysis, constructed from the literature review (Frow & Payne 2009; Sin et al. 2005; Rigby et al. 2002; Wilson et al. 2002; Nykamp 2001). This was done to bring clarity as there is an apparent lack of consensus of the definition. Thus, bringing more unity to the field of study (for e.g. Ang & Buttle 2006; Llamas-Alonso et al. 2009). The nature of CRM in



this study was defined as a combination of IT-solutions and organizational changes, that are of strategic nature.

Secondly, this study extends the existing knowledge on CRM adoption (for e.g. Wells et al. 1999; Oshita & Prasad 2000; Yu 2001; Berry 2001; Bose 2002; Wilson et al. 2002; Alt and Puschmann 2004; Bohling et al. 2006; King & Burgess 2008; Llamas-Alonso et al. 2009; Bibiano et al. 2014), by providing a more nuanced view on how such adoption occurs among SMEs in the B2B context. For instance, based on the analysis of the existing literature on different success factors and process descriptions of CRM adoption, a framework of dimensions was developed. The dimensions identified from the prior literature are: approach, management support, organizational readiness, IT- readiness, resources, vendor selection, scope, communication, measuring CRM performance.

Moreover, data was collected from two cases: one successful CRM adoption and one unsuccessful CRM adoption process. This enabled collecting comparative empirical evidence of the influences that effect the likelihood of success. Principally, what are the aspects hindering successful adoption and what are the dimensions of successful adoption. This framework was further developed by additional dimensions. These dimensions were identified and established based on the collected empirical data. The extra dimensions are: strong project management and data quality. Data quality was identified as one of the most important dimensions, as it works as the prerequisite for CRM, where as strong project management insinuated there is an optimal level of employee involvement during the adoption process.

Furthermore, the research contributed by extending some of the dimensions that were developed earlier based on the literature review. Some of the most notable extensions were made in vendor selection (Bibiano et al. 2014, King and Burges 2008, Alt and Puschmann 2004 and Bose 2002), by suggesting scalability, intuitiveness and accessibility as important objectives. One of the most significant findings concerned the approach to CRM adoption. Where prior studies suggest that initiation either occurs via top-down or bottom-up approach (Bohling et. al 2006 Alt and Puschmann 2004 and Yu 2001), the findings of this study suggest that in SME context the adoption can also be initiated via hybrid approach. Hybrid approach engages the employee to become a user of the CRM, whilst simultaneously achieving top management support.

Finally, the study was able to identify and extent the theory on measuring CRM performance (for e.g. Llamas-Alonso et al. 2009; Berry 2001). The metrics that were identified

as important in the case companies in improving their business processes, related to the CRM adoption were: cost of acquisition and retention, cost per sales, cost per customer contact and conversion rate.

## 5.2. Managerial implications

The findings of this study provide numerous managerial implications for companies and executives, especially in the context of B2B SMEs. First, this study provides the reader and managers with an easy to use tool of dimensions of successful CRM adoption. This framework of dimensions was evaluated and viewed through multiple approaches and perspectives, to define the true nature of CRM and to find the key dimensions contributing to successful CRM strategy. The framework can be used as tool by academics and practitioners to remove the main barriers of CRM adoption.

If we consider that CRM is a combination of IT-solutions and organizational changes, that are of strategic nature, we can conclude that there needs to be clear alignment between CRM application adoption and company's strategy. If business processes are not changed to fit the new customer centric strategy and system adoption, the investments do not yield benefits nor support the daily work in the customer-interface. Thus, it is not integrated to the organizational culture of the company and never fully adopted by the employees.

Moreover, the changes and benefits desired from the CRM strategy, need to be clearly communicated throughout the organization. Though the literature proposes that the initiation should always come from top-down (for e.g. Bohling et al. 2006; Alt & Puschmann 2004), the empirical case evidence presented in this study, indicates that a hybrid approach may in fact generate more benefits. The empirical research specified the importance of consulting employee preferences at the customer interface level, though they should not be burdened with the research part of the adoption process. The adoption process should receive full top management support throughout, to be fully adopted. This includes the resources allocated to the project. Furthermore, the use of the new application should be enforced after the initial adoption by enforcements and clear instructions. Instructions and common practices are important, to enable creating cohesive customer intelligence and market information.

In addition, for the adoption to yield accurate customer intelligence and market information, relevant and up to date data needs to be gathered and entered to the application

consistently. This is necessary also, because it enables the measuring of the performance of CRM and its impact on the business processes. This was demonstrated clearly in case company A, where it was not possible to receive trustworthy reports from their CRM, thus baring no benefits for the company. Lastly, the scope of implementation needs to be kept moderate. Objectives which the company wishes to achieve, need to be clearly defined and the project outlined accordingly. Specific problems or needs should be addressed, as otherwise the project is too overwhelming.

### 5.3. Limitations and suggestions for further research

As discussed, this study has several contributions related to the existing literature as well as managerial implications. Be that as it may, several limitations can be detected. Though the dimensions developed can be considered quite generalizable, the generalizability is decreased by the scarcity of the literature review and the small number of case companies. Additionally, the selected cases both are SMEs in Finnish B2B markets. However, as the chosen method was case study to gain in-depth knowledge, generalizability was not an objective of the study.

Furthermore, due to the tight schedule of the company representatives, additional interviews were not possible to be scheduled. This, together with the absence of senior management interviews adds to the paucity of data. Though, the interviewees had managerial positions, they are not considered the top management.

Future study could further extent the dimensions created for this study and apply them in bigger sample size to enhance generalizability. Supplementary opportunities for additional research could include longitudinal data as well as more quantified measures. Additionally, as the empirical study was conducted in Finnish markets with Finnish companies, it may be of interest to broaden this view and see if multinational organization face different obstacles, for instance in organizational readiness.

More specifically, the nature of CRM in comparison to other IT-infrastructure in the company could be examined. The ideal combination of the different IT- infrastructure should be further researched and the successful implementation processes in larger scale.

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## APPENDICES

### APPENDIX 1. Interview questions

Name:

Position:

Description of tasks in the company:

Years with the company:

#### Implementing customer management system/ sales platform

- You have implemented a customer management system/ sales platform. I would like to know more about the implementation process.
- Who initiated the implementation for a new system(s)? Or why was this initiative made?
- What was / were the key reasons you felt the need for new system? Was there one key issue that was on your mind when implementing this system(s)?
- How many people were involved in the planning/ implementing process? (From you or from the vendor?)
- How does/did the cooperation work with the vendor?
- What were the main reasons for choosing this specific program?
- Is the new system(s) integrated into your existing infrastructure? How?(Internet pages, data analytical tools etc.?) Could you describe more specifically how is your IT infrastructure formed?
  - Is the platform for sales and marketing same? Or do you manage marketing with separate platform?
- Was plan created beforehand to outline the process?
- What methods and phases the planning, acquiring and implementation process incorporated? Which of these phases were most critical? Did challenges emerge? How were you able to overcome these challenges? Which phases were successful and why? What would you do differently if a new planning and implementing process was to be initiated? If you were to initiate a new system what qualities would you wish for as opposite to what you currently have?

### **Sales process and customer acquisition**

- Can you please describe to me the normal steps and processes in customer acquisition or closing a sale?

### **Customer information**

I understood you have a vast amount of Customer Information. Can you tell me more about the information?

- What does this information include? (Demographics, page views, purchasing history, profitability per customer etc.?)
- Do you gather all of the customer information on your own or do you receive information from third party?
- How is the data gathered integrated to your customer management/sales platform system or other system(s)? Do you have any algorithms in place to process the information (e.g., to give recommendations of services/products)?
- How is this information used in your marketing campaigns? Is this process somehow automated?

### **Metrics**

What are the key metrics of an integrated customer management (CRM)-Sales-MA system? Do you measure customer experience or Key Performance Indicators (KPI)? Do you utilize Business Intelligence (BI) tools?

- At the moment, do you measure the efficiency or the impacts of your customer management/sales procedures or marketing campaigns? Do you follow analytical statistics or do you perform questionnaires to customers to receive information?
- (analytical numbers like direct/ indirect traffic or conversion rate; pages per visit, marketing campaign efficiency; Net promoter score, customer churn rate, customer satisfaction; performance indicators like cost of acquisition or retention, cost of sales, cost per interaction, average handle time; content effectiveness (from questionnaires)

- In what form is customer information and how is it processed? Do you use analytical tools like google analytics? Or are there analytical tools included in your existing sales/customer management platform?
- Can you mention and describe the key performance indicators?
- In your experience what are the most useful metrics or KPI's from the ones in use?
- Should there be other metrics in place?
- According to your used metrics and KPI's, what are your strong areas in sales, customer relations and marketing?
- How about weaknesses?
- In other words: What information would your ideal customer management/sales-application generate and in what form? (dashboard, written form, excel etc.)